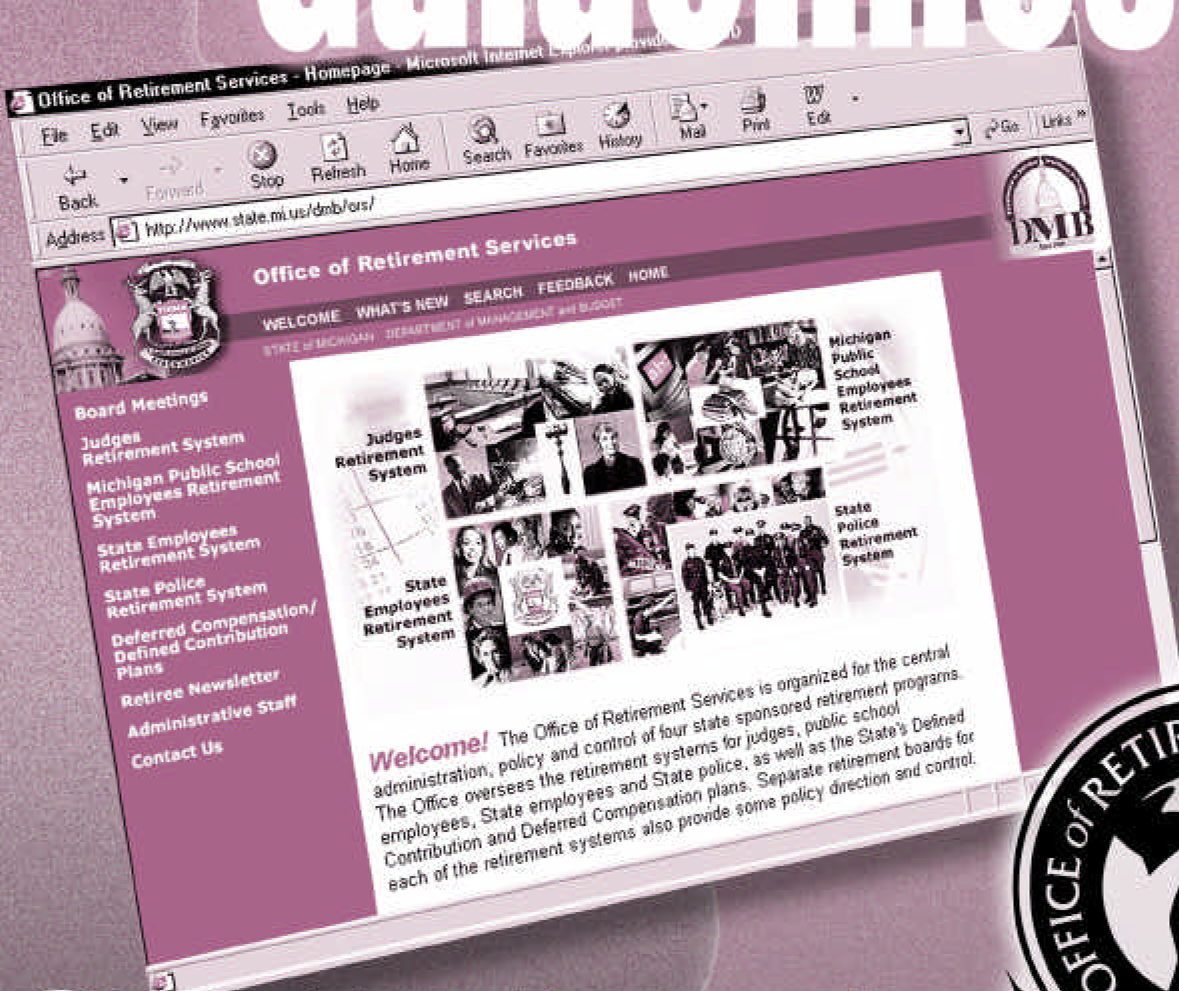
August 2001

Retirement Guidelines

Click here to view the October 2002 Addendum to the Guidelines



OFFICE of RETIREMENT SERVICES
ORS

State Employees' Retirement System

Retirement Guidelines
Addendum – October 2002

State Employees' Retirement System, August 2001 edition

Information available since the publication of the August 2001 *Retirement Guidelines* is described, in brief, by chapter heading below. Details will be included in the next edition. In the interim, please refer to the Office of Retirement Services (ORS) web site at http://www.michigan.gov/ors for up-to-date information.

ORS Contact Information

All ORS Customer Service emails should be sent to ORSCustomerService@michigan.gov.

The Detroit Outreach Office has moved to the Cadillac Place, 3068 West Grand Boulevard, Suite 4-700, in Detroit. The new telephone number at the Cadillac Place is (313) 456-4010.

Retirement at a Glance / Eligibility / Planning for Your Retirement / Appendix A – Pension Calculation Worksheets

In March 2002, the Governor's Early Out proposal for state employees was signed into law. Those employees who had combined age and service equal to or greater than 80 years by November 1, 2002, or eligible for regular retirement as defined in the *Retirement Guidelines* were eligible to participate. Retirement allowances were based on years of credited service times a factor of 1.75 percent of final average compensation rather than the current factor of 1.5 percent. Additional information on the Early Out program can be found on the ORS web site at http://www.michigan.gov/ors.

The Optional Deferred Compensation Programs

The Economic Growth and Tax Relief Reconciliation Act of 2001, or EGTRRA, provided higher contribution limits and greater flexibility for 401(k) and 457 plan accounts. For the most complete information, see the CitiStreet web site at http://stateofmi.csplans.com/.

When to Apply for Retirement / Starting the Application Process

Previously retirement applicants had to apply for retirement within 30-90 days prior to their retirement effective date. The Early Out legislation removed this restriction and allows submission at any time prior to the retirement effective date.

Service Credit / Enhancing the Value of Your Pension

State employees can now purchase service credit using state of Michigan 401(k) and/or 457 plan funds, as well as other qualified 401(a), 403(b), and conduit IRAs (Individual Retirement Accounts) that consist of monies from these sources. Members who entered into a tax-deferred purchase (TDP) agreement to buy service credit, but then are unable to complete the purchase because they are leaving state employment earlier than anticipated, may be able to apply 401(k) and 457 plan funds to pay off or pay down their TDP balance. Full details on Service Credit purchases are available by selecting State Employees Retirement System/Defined Benefit Plan/Purchasing Service Credit buttons on the ORS web site: http://www.michigan.gov/ors.

Former Detroit members who transferred to the state retirement system on September 1, 1981, can now purchase up to 10 years based on their Detroit service.

R159G(A) **October 8, 2002**
Authority: 1943 PA240, as amended

Benefits Before Retirement / Disability Pensions

As part of the Early Out legislation, the application period for a state disability pension has been changed. Employees must apply for state disability benefits within 12 months of separation. Under special circumstances, this deadline may be extended for up to an additional 12 months. Once a state disability pension is approved, the retirement board can request a re-examination no more than once a year until the age of 60, at which time the pension is converted to a regular pension.

Benefits Before Retirement / Preretirement Survivor Pension

If both a vested member and their spouse die at the same time, a survivorship pension can be paid in equal shares to their children under the age of 18.

Insurance Information

Aetna is no longer a participating provider for new state retirees. Effective January 1, 2003, the State Health Plan becomes a PPO (Preferred Provider Organization) administered by Blue Cross Blue Shield of Michigan. Under the State Health Plan, drug co-pays will be $7 for generic drugs and $12 for brand-name drugs.

Those retirees who prefer a Health Maintenance Organization (HMO) can select from five HMOs that serve different areas of the state. For information about enrollment eligibility and specific plan coverage, contact the HMO directly at:

Blue Care Network	(800) 662-6667	http://www.bcbsm.com/bcn
Health Alliance Plan	(800) 422-4641	http://www.hapcorp.org/
HealthPlus	(800) 332-9161	http://www.healthplus.com/
M-Care	(800) 658-8878	http://www.mcare.org/
Priority Health	(800) 446-5674	http://www.priority-health.com/

Table of Contents

Introduction

Retirement. You look forward to enjoying the good life you've earned. To enjoy retirement to its fullest, you need financial security. The state of Michigan established a Defined Benefit retirement plan, along with two optional Deferred Compensation programs, to begin building that security for you. This comprehensive retirement plan, together with social security and your personal savings, can help you ensure financial security during your retirement years.

The State Employees' Retirement System Defined Benefit retirement plan is designed to provide you with a monthly income, called a pension, when you retire. This plan also helps protect you and your family by providing health insurance, life insurance, and survivor benefits.

By participating in the optional Deferred Compensation programs, you can enhance your Defined Benefit monthly pension with additional retirement income, tailoring the Deferred Compensation payout schedule to meet your personal retirement needs.

This book, which focuses primarily on the features of the Defined Benefit plan (details about the optional Deferred Compensation programs can be found on pages 11-14), will answer many questions you may have about your retirement plan:

- *How is my pension calculated and how much will I receive?*
- *What other retirement benefits will I receive?*
- *When can I start receiving my pension?*
- *What happens if I become disabled?*
- *What happens if I die before I receive my pension?*

Use the *Retirement Guidelines* throughout your career to help you plan for retirement. When you're ready to retire, use it to help you make benefit decisions. Share the information with your family and coworkers, and be sure to contact ORS periodically for updates.

The information in this book applies only to those state employees enrolled in the Defined Benefit retirement plan. This book is a summary of the main features of the plan and not a complete description. The operation of the Defined Benefit plan is controlled by the State Employees Retirement Act (1943 P.A. 240, as amended). If the provisions of the Act conflict with this summary, the Act controls.

For More Information

In addition to the *Retirement Guidelines*, there are many ways to learn about retirement planning and your pension. You can explore the ORS web site, attend a preretirement seminar, or call, write or visit ORS. Relevant addresses, map, numbers, and hours are found on the following pages.

ORS Web Site. The ORS web site (www.state.mi.us/dmb/ors) offers a benefit estimator, up-do-date publications and forms, frequently asked questions, a link to the State Employees' Retirement Act (PA240), as well as a search function for those seeking information on specific topics.

Attend a Class. Preretirement seminars, offered throughout the state by Michigan's Department of Civil Service, are highly recommended for retirement planning. Topics include retirement benefit options, deferred compensation, insurances, wills and estate planning, and social security and medicare benefits. See the ORS or Civil Service web sites for schedules and locations.

Call, Write, or Visit. ORS staff members are always ready to answer your retirement questions. You can call or visit either the main office in Lansing or one of the two outreach offices in Detroit and Holland.

For account-specific information, you will need to provide your social security number, employee identification number, mailing address, and phone number. Please include this information when writing, or have ready if phoning or visiting.

See the following pages for specifics on contacting the Office of Retirement Services.

ORS Contact Information:

Main Office:

Physical location:

General Office Building
State Secondary Complex
7150 Harris Drive, Lansing

Directions: I-96 to Lansing Road, Exit 98A, south to Canal Road. See map on next page.

Office Hours: Monday - Friday, 8:00 a.m. to 5:00 p.m.

No appointment is necessary (at Lansing office only)

Mailing address:

P.O. Box 30171
Lansing, MI 48909-7671

Address for payments ONLY:

P.O. Box 30673
Lansing, MI 48909-8173

Note: *All written correspondence and payments for service credit purchases must be submitted to the main office in Lansing.*

Telephone: 517-322-5103 in the Lansing area
800-381-5111 (toll-free / outside Lansing)

Fax: 517-322-5928 or 517-322-6643

E-Mail Address:

ORSCustomerService@state.mi.us

Outreach Offices:

Detroit Office

State Plaza Building
1200 Sixth Avenue, Ste. P-120
Detroit

Directions: Off Lodge Freeway, M-10, Howard Street exit, one block west. See map on next page.

Office Hours: Please call for appointment

Telephone: 313-256-1400

Western Office

Ottawa Area ISD - Educational Svcs Bldg
13565 Port Sheldon Road
Holland

Directions: Six miles north of Holland. See map on next page.

Office Hours: Please call for appointment.

Telephone: 616-738-8940, ext. 4094 or 4095

Note: *If you plan to visit one of our outreach offices in Detroit or Holland, please call ahead to make an appointment.*

ORS Web Site

www.state.mi.us/dmb/ors

Check out the ORS web site. Try out the benefit estimator, download publications and forms, use the handy search function to get answers to your specific questions, and stay up-to-date on your retirement plan. New features are added regularly, so be sure to bookmark the site and visit often.

ORS Office Locations

13565 Port Sheldon Rd.
Holland, Michigan
Phone: 616-738-8940
ext. 4094 or 4095

1200 Sixth Ave.
Detroit, Michigan
313-256-1400

7150 Harris Drive
Lansing, Michigan
In Lansing: 517-322-5103
Toll-free: 800-381-5111

Correspondence Address

Office of Retirement Services
P.O. Box 30171
Lansing, MI 48909-7671

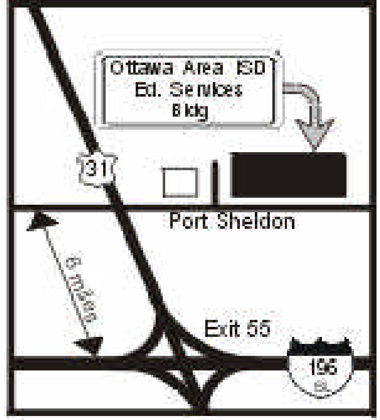
Customer Information Center

In Lansing: 517-322-5103
Toll-free: 800-381-5111
E-mail: ORSCustomerService@state.mi.us

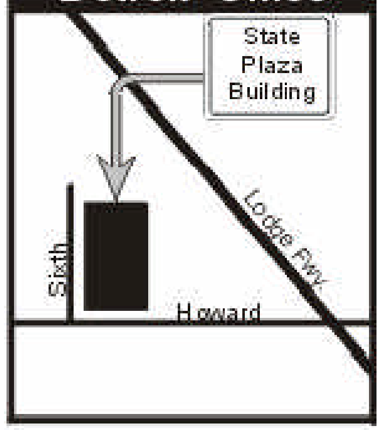
ORS Web Site

www.state.mi.us/dmb/ors

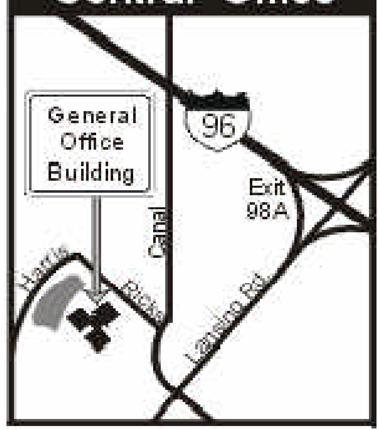
Western Office



Detroit Office



Central Office



Retirement at a Glance

This chart provides an overview of some of the State Employees' Retirement System pension plan features and terminology. Refer to the individual sections for more detailed information.

Defined Benefit Plan Members:

1) All classified and unclassified state of Michigan employees hired prior to March 31, 1997, unless the employee elected to transfer to the Defined Contribution retirement plan.
2) Employees of the following non-central agencies who were hired prior to March 31, 1997:
   - Business Enterprise Program-FIA
   - Michigan State Bar
   - Mackinaw Island State Park Commission
3) Employees of the following non-central agencies hired prior to October 1, 1996:
   - American Legion
   - American Veterans
   - Disabled American Veterans
   - Marine Corps League Veterans Service Office
   - Military Order of the Purple Heart
   - Office of Wayne County Clerk Recorder's Court
   - Third Judicial Circuit Court
   - 36th District Court

Employees of the state, Mackinaw Island State Park Commission, Michigan State Bar, and Business Enterprise Program-FIA who are originally hired on or after March 31, 1997, are not members of the State Employees' Retirement System Defined Benefit retirement plan. These employees are participants in the Defined Contribution retirement plan, administered separately.

Pension Formula . . .

Age and Service Requirement:

3 year final average compensation (FAC) x 1.5% x years of service = annual pension

Supplemental Retirement:

3 year final average compensation x 1.5% x uncovered service PLUS
3 year final average compensation x 2% x covered service = annual pension to age 62
3 year final average compensation x 1.5% x total service = annual pension at age 62

Conservation Officers:

2 year final average compensation x 60% = annual pension

Service Credit . . .

Credited Service – Years of service as a state employee, plus any additional service purchased or transferred that is used in the calculation of a state employee's pension benefit

Final average compensation . . .

Included are:

- All gross wages earned during the final average compensation period
- Up to 240 hours of annual leave and personal leave combined, paid at retirement *(excluded if the final average compensation is computed using three previous years' wages as highest earnings)*
- Longevity earned during the final average compensation period
- Compensatory pay paid at retirement
- Performance pay

Not included are:

- Sick leave payoff
- Flexible benefit rebates
- Clothing allowance
- Travel compensation
- Grievance settlements

Insurance coverage . . .

Retirees and their eligible dependents may enroll in health, dental, vision, and life insurance coverage at retirement. Eligible beneficiaries may continue coverage after a retiree's death under certain circumstances. Members who defer their retirement to collect at age 60 forfeit life insurance benefits, but *are* eligible at age 60 for any of the other insurances.

Retirement at a Glance (Continued)

Retirement Eligibility

Age and Service Retirement

– At least age 60 with at least 10 years of service
– At least age 55 and still working with 30 years of service
– At least age 55, but less than 60 while still employed, with at least 15 years but less than 30 years of credited service. The pension is permanently reduced 0.5% for each month your retirement effective date precedes your 60th birthday.

Supplemental Retirement

Certain employees, as determined by the employer, who are responsible for the custody and supervision of prison residents are entitled to receive a retirement pension after:
– At least age 51 with 25 years of covered service[a]
– At least age 56 with 10 years of covered service[a]

[a]*In both situations the last 3 years must be in a covered position.*

Community Health Facility Closures

– At least age 51 with 25 years of service[b]
– At least age 56 with 10 years of service[b]

[b]*In both situations the last 5 years must be in a closing facility. If you meet the service requirement and will reach the age requirement within 6 months of the closure date, you may retire at that time.*

– No age requirement with 25 years of service – all 25 years must be in a closing facility[c]

[c]*If you meet the above requirements on the first of the month following the facility closure date, you must retire at that time.*

Conservation Officers

If hired prior to April 1, 1991
– No age requirement, 25 years of service of which 20 years are as a conservation officer[d]

If hired after April 1, 1991
– No age requirement, 25 years of service of which 23 years are as a conservation officer[d]

[d]*In either case, the 2 years immediately preceding retirement must have been as a conservation officer.*

Deferred Retirement[e]

A deferred member is entitled to receive a monthly pension at age 60.

Unclassified legislative employees, executive branch employees, Department of Community Mental Health Facility employees involved in deinstitutionalization
– 5 years of service

All other State Employees' Retirement System members
– 10 years of service

[e]*In each of these situations, full benefits are payable at the age of 60.*

Non-Duty Disability – No age requirement, 10 years of service

Duty Disability – No minimum requirements

Non-Duty Death – No age requirement, 10 years of service

Duty Death – No minimum requirements

Contributions to the Retirement System

State employees contributed to the Defined Benefit retirement plan until July 1, 1974. Since then the system has been noncontributory with the employer responsible for total funding of the Defined Benefit system. (Employee contributions that fund your optional Deferred Compensation programs are separate and distinct from the pre-1974 employee contributions discussed here. See pages 11-14 for more information about the Deferred Compensation programs.)

Any payments for service credit are deposited in individual retirement accounts along with pre-July 1, 1974 contributions, if any.

Interest is credited on member contributions on December 31 of each year. Contributions must be on deposit for a full year before interest is credited. Employees who have contributed to the retirement system may request a contribution statement.

Distribution of Contributions at Retirement

Your pension is subject to federal income tax. At retirement, the contributions and interest are deposited in the pension reserve fund, and are then distributed monthly over the anticipated lifetime(s) of the pension recipient and beneficiary (if a survivor option is chosen). The monthly distribution is deducted from your gross pension amount before federal tax is applied. By law, your pension is exempt from state and local income tax in Michigan.

When Your Participation Ends

You will participate in the retirement system throughout your state employment. If you cease to be employed by a state department or non-central agency, you are no longer an active member.

Refund of Contributions – When you cease to be a member before reaching the minimum age and service requirements to qualify for a Defined Benefit retirement pension, you may request a refund of Defined Benefit contributions and interest. This refund includes all payments and accrued interest for any additional years of credit you purchased. If you receive a refund of contributions you will forfeit *all* service credit accrued to the date of the refund. There is no provision for a partial refund.

You may also leave your contributions on deposit. Interest will continue to accrue.

Deferred Member Status – If you are not eligible to receive an immediate pension but are vested when your participation ends, you are considered a deferred member. You may leave your Defined Benefit contributions on deposit with the retirement system, where they will continue to earn interest. You can apply for a pension when you meet the age requirement. See Qualifying for a Pension on page 9.

Planning for Your Retirement

The Office of Retirement Services (ORS) is the state agency that will process your retirement application and pay your pension under the provisions of the State Employees' Retirement Act, 1943 P.A. 240, as amended. ORS will be your "partner in retirement" throughout your lifetime.

Qualifying for a Pension

To retire with a regular pension you must meet minimum age and service requirements. You may also qualify for early retirement with a permanently reduced pension or defer your retirement until you reach 60 years of age.

Regular Retirement

You are entitled to a regular pension if you meet the following age and service requirements:

Regular Age and Service Retirement

- Age 60 with at least 10 years of service
- Age 55 with at least 30 years of service

Supplemental Retirement

- Age 56 with at least 10 years in a covered position
- Age 51 with at least 25 years in a covered position
  In either case, the three years immediately preceding retirement must be in a covered position.

Department of Community Health Facility Closures

- Age 56 with at least 10 years of service
- Age 51 with at least 25 years of service
  The last five years must be in a facility that closes.
- Any age with 25 years in a closing facility
  All service must be in closing facilities.

Conservation Officers

- Any age with 25 years of service of which 20 years must be as a conservation officer *if you were hired **prior** to April 1, 1991*
- Any age with 25 years of service of which 23 years must be as a conservation officer *if you were hired **after** April 1, 1991*
  In either case, the two years immediately preceding retirement must be as a conservation officer.

Early Retirement

If you leave state of Michigan employment before you meet the age requirement, the plan allows you to retire with a reduced pension under the following conditions:

- You are at least age 55 and still working, but not yet 60.
- You have at least 15 years of service, but less than 30.
- You terminated state of Michigan service prior to your effective date of retirement.

If you retire under the early retirement provision, you will receive a permanent reduction in the pension amount you would have received had you deferred your pension until age 60. The permanent reduction is one-half percent (0.005) (or 6% per year) for each month you retire before your 60th birthday.

If you are age:	The reduction is:
55 years, 0 months	30.0%
55 years, 1 month	29.5%
55 years, 2 months	29.0%
59 years, 11 months	0.5%

For example, assume you have 20 years of service credit and want to retire on your 57th birthday. Further, assume your final average compensation (FAC) and years of service entitle you to a monthly pension of $1,000 for the rest of your life, payable at age 60. If you qualify and choose to retire under the early retirement provision, your pension is permanently reduced by one-half percent for each of the 36 months (three years) until your 60th birthday. That means your pension is permanently reduced by 18 percent, or $180 monthly. Your monthly pension will be $820 ($1,000 minus $180). The reduction recognizes you would receive your pension over a longer period of time.

If you want to retire under this early retirement provision, check with ORS before you terminate employment to be sure you qualify.

Deferred Retirement

If you leave state employment prior to reaching the age requirements to retire, you will be a deferred retiree and will receive the full pension benefit at age 60.

You may defer your pension if:

- you leave state of Michigan employment;
- you leave your contributions (if any) on deposit with the retirement system;
- you have vested; and
- you have not yet met the age requirement to immediately begin receiving an unreduced pension.

Before you terminate your employment, contact your human resources office and complete any department-specific forms relating to your deferred retirement.

If you are vested and defer your pension, you are eligible to begin receiving your pension at age 60. There is no advantage to deferring your pension past age 60. Delaying your application until age 62, 65, or older will not increase your monthly pension. By delaying, you will lose the payments and other benefits you could have received.

Deferred or Early Retirement?

If you are at least age 55 when you leave state employment, you could choose to receive a reduced pension immediately *or* you could defer your full pension until age 60. You should compare both pension amounts to see which is best for you.

If you choose to leave employment under these circumstances, calculate estimates under both situations, or contact ORS and ask for these estimates.

When Pension Payments Begin

Your retirement effective date is the first day of the calendar month following the date:

- you satisfy the eligibility requirements;
- you terminate employment with the state of Michigan; and
- your retirement application forms have been on file with ORS for at least 30 days, and no more than 90 days prior to your effective date of retirement.

If you complete your application forms and file them timely with ORS, your pension should begin within 1 to 2 months of your retirement effective date and will include any retroactive payments you are due.

The Optional Deferred Compensation Programs

Members of the state's Defined Benefit retirement plan have an opportunity to set aside pre-tax dollars in one or both of the state's deferred compensation programs – the Deferred Compensation Plan I/457 and the Deferred Compensation Plan II/401(k). Both of these plans are administered through CitiStreet.

The following sections provide a brief overview of how to enroll and manage your deferred compensation plan. If you have additional questions, log on to the CitiStreet web site at www.stateofmi.ssga.com, or call the Information Line at 800-748-6128. Michigan's Department of Civil Service also offers informative classes covering plan provisions and investing for retirement. Courses are listed at www.state.mi.us/mdcs.

Joining the Deferred Compensation Plans

Most state employees are eligible to join the Deferred Compensation Plan I/457 and/or the Deferred Compensation Plan II/401(k) at any time. Eligible employees should have received a Personal Identification Number (PIN) in the mail. If you don't know your PIN, call CitiStreet's Information Line and ask to have a PIN reminder sent to you. Once you receive your PIN, you can enroll via the CitiStreet web site at ww.stateofmi.ssga.com, or its Information Line at 800-748-6128.

Contributing to the Deferred Compensation Plans

As a member of the Defined Benefit (DB) retirement plan, you may contribute a maximum of $8,500 per year to Plan I/457 or a maximum of $10,500 to Plan II/401(k) in 2001. The maximum you may contribute to each of the plans per year is increasing to $11,000 in 2002, $12,000 in 2003, $13,000 in 2004, $14,000 in 2005 and $15,000 in 2006. Your contribution can be made as a percent of your pay (from 0.1% to 25% in increments of 0.1%) or as a dollar amount per pay period. If you indicate a dollar amount, the minimum is $10 and the maximum is $100.

If you participate in *both* Plan I/457 and Plan II/401(k), you may contribute a maximum *combined* percentage of 25% for both plans, with a *combined* maximum contribution of $8,500 per year. Beginning in 2002, you may contribute the new maximum amounts to each plan with no percent of salary limit.

Catch-Up feature: If you are within three years of normal retirement and have not made the maximum contribution to Plan I/457 in prior years, you may be eligible for a special "catch-up" feature to increase your account balance. This feature permits contributions exceeding the usual Plan I/457 limit for the three years prior to your retirement eligibility. For example, if you are eligible for full retirement benefits in 2004, you may be eligible for the catch-up feature during calendar years 2001, 2002, and 2003.

Starting in 2002, participants who have attained age 50 may be eligible to contribute additional Catch-Up contributions to both Plan I/457 and Plan II/401(k). For more details and to apply for the Catch-Up provision, contact CitiStreet.

Investing Your Contributions

Once your plan contributions begin, you must decide how you want your money invested. You may put all of your contributions into a single fund or divide it any way you like among any number of funds. Your investment choices are grouped into three tiers.

Tier I includes a variety of index funds which use a passive investment strategy. This means that each fund is managed to match an index such as the S&P 500 or the Russell 2000. An index is a group of stocks or bonds which are monitored as a group to measure how one part of the market is performing. The fund managers invest in all of the companies in the index and the fund's rate of return is very close to that index. Tier I fund choices range from low risk to high risk.

Tier II includes several actively managed mutual funds. The managers of these funds invest in securities that they believe will perform better than the indexes. Tier II fund choices range from low risk to high risk.

A Tier III account can be set up if you want to invest your contributions in funds that are not included in Tier I or Tier II. There are over 3,000 publicly available mutual funds that you can choose from.

If you contribute to one of the deferred compensation plans but do not notify CitiStreet of your investment choices, your contributions will automatically be invested in the default fund (currently the Yield Enhanced Short Term Investment Fund).

For information on the specific investment options available, contact CitiStreet by phone or through the web site. Free classes on investments are also available. See the Michigan Civil Service web site for details.

Plan Participation Fees

There is no plan administration fee for Plan I/457. Plan II/401(k) has an administration fee of 0.1%. In both plans each investment fund charges a management fee, which is deducted from each fund's performance on a quarterly basis. Tier III accounts have an annual fee of $50 and the funds you choose could have additional loads (fees or commissions) or transaction fees. Please contact CitiStreet's Information Line for details.

Tax Advantages

When you contribute to Plan I/457 and/or Plan II/401(k), you will enjoy several tax benefits. The money you contribute is not subject to income taxes until it is withdrawn, which, for most people, is at retirement. Income taxes on any investment earnings are also deferred until withdrawn.

Reviewing and Changing Your Account

You will receive a quarterly statement from CitiStreet detailing your Deferred Compensation plan activity. In addition, you can monitor all account balances, performance, and transactions by logging on to the CitiStreet web site (www.stateofmi.ssga.com). Plan features that can be accessed 24 hours a day through CitiStreet's web site or automated phone system (800-748-6128) include the following:

- Change your PIN (personal identification code) or request PIN reminder
- Enroll in either plan
- Check account balances
- Check fund performances
- Change salary contribution percentages or dollar amounts
- Change the percentage amount of future contributions going into each fund
- Transfer monies from one fund to another
- Keep track of outstanding loan balances or request a loan (Plan II/401(k) only)
- Connect to a Self-Managed Account broker via a customer service representative (if you have applied for this feature)
- Request Deferred Compensation plan literature, forms, or detailed transaction statements

You can perform account transactions as often as you like, but you cannot move money out of and back into the same fund on the same day. *Note:* Even though you can transfer your account balances among the investment funds on a daily basis, there is one restriction. Before you can transfer money from the Stable Value/GIC Fund into the Yield Enhanced Short-Term Investment Fund, the Bond Market Index Fund, the Strong Corporate Bond Fund, or the Self-Managed Account, you must first transfer the money into any of the Tier I or Tier II stock funds and keep it there for 90 days. Once the 90-day period is over, you may transfer the money into any fund or the Self-Managed Account.

If you need help with a transaction or have a question about your account, call CitiStreet's Information Line and speak with a participant services representative between 9 a.m. – 5 p.m. Eastern Time, Monday through Friday, except on New York Stock Exchange holidays.

Borrowing From Your 401(k)

You cannot take out a loan from your Plan I/457 account. Loans are *only* available through your Plan II/401(k).

Plan II/401(k) allows active employees to take out more than one loan for any reason. However, you may want to consider other options before taking out a loan. Investment earnings stop on the money borrowed from your plan account at the time the loan is made. You pay back the loan, plus interest, with automatic payroll deductions. Your loan repayments and interest go directly back into your plan account, and are invested according to your current investment elections.

The minimum loan amount is $1,000. The maximum you may borrow is determined by your total vested account balance, other outstanding loans, and plan rules. In no case can a loan be greater than $50,000. The loan interest rate is the prime rate as printed in *The Wall Street Journal* on the first day of month prior to the month in which the loan is requested. Loan terms are from 2 to 60 months for general loans, and 61 to 360 months for residential loans. CitiStreet's web site and automated phone system will help you determine the maximum loan available to you. You can also model various loan amounts and repayment periods to see what your biweekly payment would be.

Deferred Compensation Beneficiary Designation

If you enrolled in the Deferred Compensation plan(s) when you began your employment with the state of Michigan, you should have completed different beneficiary designation forms for your Defined Benefit retirement plan benefits and your Deferred Compensation plan(s). Review this information on a regular basis to make sure it still reflects your current wishes. If you need to designate or change your Deferred Compensation beneficiary, request a new beneficiary designation form from the CitiStreet web site or Information Line.

Hardship or Unforeseeable Emergency Withdrawals

You cannot withdraw tax-deferred contributions or earnings before you separate from state service except for certain defined financial emergencies. This is called a hardship or unforeseeable emergency withdrawal. If you take such a withdrawal, you will have to pay federal, state, and local income taxes, if applicable, on the money withdrawn. With the Plan II/401(k), you may also pay a 10% early withdrawal penalty. After taking a hardship withdrawal, you will be suspended from making contributions to both Plan I/457 and Plan II/401(k) for a period of time.

Domestic Relations Orders

A Domestic Relations Order may be issued by a court as a result of a divorce. This order may direct that a participant's account balance be split between the participant and his or her ex-spouse. For information and sample language, please contact CitiStreet.

Fund Distribution at Retirement/Separation

After you retire or leave state service, you may take money out of your plan account(s). This is referred to as a distribution.

Under Plan I/457, you may take distributions of your money without penalty if you leave state service for any reason, regardless of your age. You must complete and return distribution paperwork within 60 days of leaving state service. Distributions must begin no later than age 70 1/2.

Note: *The laws governing Plan I/457 distributions are changing as of January 1, 2002. Contact CitiStreet for details.*

Under Plan II/401(k), you may take distributions of all or part of your money without penalty if you leave state service for any reason after age 55. If you leave state service before age 55, distributions you receive prior to age 59 1/2 may be subject to a 10% early withdrawal penalty. Some exceptions to this early withdrawal penalty include payments made on account of death, disability, to an alternate payee under an Eligible Domestic Relations Order, some medical expenses, or substantially equal periodic payments. Please consult a tax professional to clarify these and other exceptions that may apply.

No distribution paperwork is necessary until you want to start receiving payments from your Plan II/401(k) account. Distributions must begin no later than age 70 1/2, or your termination from state service, if later.

For either of the two plans, you have several options, depending on your account balance, for taking distributions. For account balances of $5,000 or less, only a rollover or a lump sum payment is allowed.

The state of Michigan is required to withhold federal income taxes from most distributions. The amount you ultimately receive will depend on the distribution option you select and your investment returns. Certain restrictions may apply to each option. Contact CitiStreet (via web site or phone) for detailed information about the payout options available and procedures to start your payout.

Note: No further contributions to existing accounts may be made once you leave state service.

Note: These Deferred Compensation plans can be changed at any time. You will be notified of any changes that affect your benefits. Should the Retirement Guidelines *and the plan document conflict, the plan document will control.*

When to Apply for Retirement

You must file your application for retirement at least 30 days but no more than 90 days before your effective date of retirement. Applications are available on the ORS web site, or by writing, faxing, emailing, phoning, or visiting ORS. Request application materials six months prior to your effective date of retirement to allow adequate time for getting everything in order for your retirement. This includes the following:

- Put the finishing touches on your financial plans. (To do so, estimate your pension benefits and explore the various payment options.)
- Get a current estimate of your social security benefit from the Social Security Administration (SSA) by completing and returning SSA form 7004.
- Explore payment options for any Individual Retirement Account (IRA), deferred compensation, and other investments with the representative or institution handling your savings. (See pages 13-14 for information on payment options for your optional Deferred Compensation plan(s) with the state.)
- Compile questions you need answered or clarified by ORS.
- Obtain documents you will need to complete your retirement, such as a birth certificate or other proof of age. (If a survivor option is elected, proof of age is also required for your beneficiary.) (See Appendix D for items you can use instead of a birth certificate.)
- Repay a refund of retirement contributions if previously taken or purchase additional service credit. (Payments due to the retirement system must be made before employment terminates.)
- Read through the medical, dental, and vision plan booklets to learn what benefits are available after you retire.
- Understand how an Eligible Domestic Relations Order (judgment of divorce), if one is on file with the retirement system, will impact your pension.

REMINDER: Please fill out all forms completely and accurately. If you submit incomplete or unsigned forms, your pension may be delayed.

Service Credit

As a classified or unclassified state employee, or if you were employed by a non-central agency prior to April 1, 1997, you accumulate service credit for the years, months, days (or hours if less than full time) you work.

Earning Service Credit

Your service credit reflects years, months, and days you have worked for the state of Michigan or a non-central agency. You may earn no more than one year of credit within a calendar year. You also receive service credit for an intervening military leave of absence or any worker's compensation leave of absences at no cost. However, once you separate from state service, no further service credit will accrue from the receipt of worker's compensation payments.

Service Less Than Full Time

If employed on a less than full time basis, your service credit will be evaluated using the hours you worked converted to years, months, and days. For retirement purposes, 2080 hours equals one year. Overtime hours are not included in the 2080 hours and cannot count for additional service credit.

Additional Service Credit

If you qualify, you may buy service credit to supplement your earned service credit. The retirement system offers several options which include granting or purchasing additional service credit and repaying contributions previously refunded. Purchasing additional service credit or reinstating service credit by repaying the refund as early as possible in your career (if eligible) is advantageous, since the cost may be lower. However, purchased credit will not become part of your total service until you become vested, unless otherwise noted. Buy-in credit does not apply to the minimum service credit requirement for pension eligibility unless specifically noted.

When you apply to receive additional service credit, ORS will review your records, check your eligibility, and determine if the credit has no cost, or if a purchase is necessary. If the credit has no cost, ORS will issue a letter stating the service credit type, and the years, months, and days being credited. If you must purchase it, ORS will prepare a Member Billing Statement. Although you receive a billing statement, you are not obligated to buy any or all of the credit. You can purchase most types of credit in monthly increments. Payment for additional service credit must be made *before* you leave state employment.

Purchases apply to retirement credit only and will not affect your seniority rights or leave accruals with your human resources office.

Purchasing Service Credit Through Tax-Deferred Payroll Deductions

An IRS private letter ruling permits state employees who are members of the Defined Benefit plan to purchase service credit via tax-deferred payments (TDP) beginning with the fall of 2001. You can request that payments for your service credit purchase be deducted from your wages, and the amount deducted is not subject to income tax until you draw those funds, usually upon retirement.

While the tax advantages are great, you should be aware that a TDP agreement, once initiated, is *binding and irrevocable.* You cannot stop or decrease the payroll deduction until you complete the purchase, unless your employment is terminated.

If you are using TDP to repay a refund or buy university, Michigan public school, or court of record credit, you must purchase the entire amount available and no pro-rata credit can be granted if you leave employment before completing the purchase. (Pro-rata credit may be granted for universal buy-in, military, maternity / paternity / child rearing, or government purchases not completed before leaving employment.)

Other IRS-mandated restrictions that should be considered:

- The minimum withholding per TDP agreement is $50.
- The maximum allowable deduction is your gross compensation, less any required deductions such as social security and medicare, or other levies or garnishments.
- You cannot decrease your deduction per pay period.
- Once initiated, you cannot pay for your service credit purchase through any means other than payroll deductions.
- You cannot cancel a TDP agreement.
- If you decide to purchase additional service credit via TDP at a later date, a new agreement must be established, with its own $50 minimum.

To sign up for TDP deductions, contact ORS for a current Member Billing Statement as described above. Your human resource office can provide you with form R498G - State Employees Agreement to Purchase Service Credit Through Tax-Deferred Payroll Deductions. After completing the form, attach a copy of your billing statement and give it to your human resource office to approve and sign. Withholding by your human resource office will begin as soon as administratively possible.

Repayment of Refunds

Service credit canceled by a refund of contributions may be restored if the refunded amount is repaid, with interest, upon your return to state employment. However, if you were separated for 15 or more years before returning to state employment, you must be a member of this system for 5 years before you are eligible to repay the refund. You will be billed for the amount withdrawn plus interest compounded. Payment must be made in a lump sum prior to separation or retirement from service.

Cost of Service Credit

For nonintervening military; city, county, township, village in Michigan; other state and federal; maternity / paternity / child rearing time; and universal buy-in, your cost for each year purchased will be a percentage of your previous highest fiscal year income times the number of years of credit you purchase.[1] Part-time earnings will be equated to full-time.

See the Variable Percentage Buy-In Table on page 22 to find the applicable percentage rate. These rates are based on your age as of October 1 of the year the application is made. The actuarial cost is considered to be sufficient to fund the additional benefits provided by the buy-in credit.

[1] If you have no previous year's wages to use in the calculation, your billing will be based on your estimated current year's wages. If your actual wages differ from estimated wages, an adjustment to the amount due may be made at a future time.

Enhancing the Value of Your Pension

As part of your financial planning, you may wish to consider ways of increasing the amount of your monthly pension at retirement. You can take advantage of several options that include granting or purchasing additional service credit and the repayment of previous refunds of contributions. It is to your advantage to purchase additional service credit or repay your refunds as early as possible in your career, since the cost will be lower.

Service Credit Purchases

To apply for and purchase additional credit, you must be employed with the state of Michigan. You must pay for additional credit **before** you leave state employment. If you qualify, you can purchase and / or receive additional service credit for any of the following reasons:

Type of Credit	Cost	Limit
Universal Buy-In	Actuarial cost	5 years, reduced by purchases of credit types eliminated from law as of 8 / 1 / 98 (See page 19)
Maternity / Paternity / Child Rearing Time	Actuarial cost	5 years
Michigan Public School Employment	Pre-74 / 77: contributions, plus interest Post-74 / 77: may be no charge	No limit
Active Duty Military Service	Intervening: no charge Nonintervening: 5% of highest previous year's salary	5 years 5 years
University Service	Pre-7 / 1 / 74: 3% contribution plus interest Post-7 / 1 / 74: no charge	No limit
County Social Welfare	$50 per month $600 per year	No limit
Enlisted State Police Officer (if not receiving a pension)	Pre-74: refund of contributions, plus interest Post-74: no charge	No limit
Court of Record[2]	Refund of contributions plus interest	No limit
City, County, Township, Village in Michigan[3]	Actuarial cost	5 years
Other States, Federal[3]	Actuarial cost	5 years

A limit of 10 years total can be purchased from any combination of maternity / paternity / child rearing time; city, county, township, village in the state of Michigan; other state, federal; universal buy-in. In all instances you must relinquish your rights to any other benefit for which this service may make you eligible.

[2]You must have a minimum of 5 years of court of record service to be eligible to purchase *any* service credit.
[3]Only full-time employment can be purchased.

Types of Service Credit

Universal Buy-In

As a member of the State Employees' Retirement System, you may purchase up to five years of universal buy-in (UBI) service. This service may be purchased without being linked to other service being performed outside of state employment. The service may be purchased in monthly increments.

The cost is the actuarial rate in effect at the time of payment, times your highest compensation with the state of Michigan at the time of payment. Any part-time wages will be equated to full-time wages.[4]

While an active member, you may purchase UBI service credit at any time. However you cannot use the service in your pension calculation until you meet the minimum vesting requirements.

The universal buy-in credit replaces medical leave of absence, fee branch manager, and Vista / Peace Corps service purchase options. You may purchase up to five years of UBI service, however this amount is offset by any previous medical leave of absence, Vista / Peace Corps, and / or fee branch manager service purchases.

For example, if you already purchased two years of medical leave of absence service, you could purchase up to a total of three years of universal buy-in credit. For a Member Billing Statement, write, email, fax, or call ORS.

Maternity/Paternity/Child Rearing Time

You may purchase up to five years of service credit if, for purposes of maternity / paternity / child rearing you:

- separated from state service; or
- reduced your hours of state service.

The cost is actuarially determined, and is based on your highest previous fiscal year compensation times the years / months of maternity / paternity / child rearing time you are purchasing. Part-time wages will be equated to full-time wages.[4] See the Variable Percentage Buy-In Table on page 22. You may purchase this service in monthly increments but you cannot use the service in your pension calculation until you meet the minimum vesting requirements.

Send a copy of your child's birth certificate or final adoption papers with your completed Application to Purchase Maternity / Paternity / Child Rearing Credit (R126G). For a form, write, email, fax, or call ORS, or download from the ORS web site.

Michigan Public School Employment

If you worked in a public school district within the state of Michigan, such service is creditable under the State Employees' Retirement System. If you did not receive a refund of your contributions when you left the Michigan Public School Employees Retirement System, you may request that your service and contributions be transferred to the State Employees' Retirement System. If you received a refund, you must repay your refunded amount plus interest in order to receive this credit. Crediting this service follows the same rules and regulations as crediting state service. You may use this credit to satisfy the vesting requirements.

To receive credit for this service you must complete an Application for Transfer of Michigan Public School Service (R417G). To request, please write, email, fax, or call ORS.

Active Duty Military Service

You can receive credit, under certain circumstances, for time you spend in active duty military service. The amount of credit and the cost to you depends on whether your military service intervened your state service; when you served; state law; and how long you served.

[4] If you have no previous year's wages to use in the calculation, your billing will be based on your estimated current year's wages. If your actual wages differ from estimated wages, an adjustment to the amount due may be made at a future time.

Intervening: You may receive up to five years of service credit at no cost if you leave state service, directly enter active duty in the U.S. armed forces, including reserve components, and return to employment with the state of Michigan within six months of discharge.

You may use eligible intervening military credit to satisfy the vesting requirements.

Nonintervening: If your active duty U.S. military service did not interrupt your state service, you can purchase up to five years of credit. Only nonintervening active duty in the U.S. armed forces, including reserve components, is purchasable. The service may be purchased in monthly increments.

Your cost will be 5% of your highest previous fiscal year's compensation times the number of years of military credit you purchase. Part-time wages will be equated to full-time wages.[5] While an active member, you may purchase military service credit at any time. However you cannot use the service in your pension calculation until you meet the minimum vesting requirements.

You cannot receive credit for military service if you receive credit for the same service under another retirement system. *This restriction does not apply if you will be eligible to retire from the federal government for service in the Reserve or are receiving disability benefits from the armed forces.*

To apply for military service credit, you must submit a written request and a photocopy of your military papers showing entry and separation dates. ORS will evaluate your eligibility and notify you. For copies of your military papers, write to:

National Personnel Records Center
Military Personnel Records
9700 Page Blvd.
St. Louis, MO 63132

University Service

Service with Michigan State University, University of Michigan, Wayne State University, Oakland University, Saginaw Valley University or Grand Valley University may be credited to your retirement. You may use this credit to satisfy the vesting requirements.

Pre-July 1, 1974: If you worked for one of the above universities prior to July 1, 1974, you may receive credit for your service by paying the contributions you would have made if you had been a State Employees' Retirement System member, plus compounded interest. The contributions are based on wages earned while employed by the university.

Post-July 1, 1974: If your university service was rendered after July 1, 1974, there is no charge for the service.

In all situations, you must relinquish all rights to any other pension or annuity benefits that may be credited based on this service.

To receive credit for university service, the university must complete a corroborative affidavit. To request an affidavit, contact ORS. Please include the name of the university where you were employed. (For additional information on other governmental unit service credit, see the section on Act 88 - Reciprocal Retirement Act, in this chapter.)

County Social Welfare Agency Service

In the mid-1960s, local County Social Welfare offices merged with the state of Michigan and became a part of the Department of Social Services, now known as the Family Independence Agency. If you were employed with the Social Welfare Agency on the day of the merger, you may receive credit for your previous county service.

The cost of the service is $50 per month, or $600 per year. You may purchase as little or as much of your total County Social Welfare service as you wish. You must relinquish your rights to a pension benefit based on this service with the county. For a Member Billing Statement, write, email, fax, or call ORS.

[5] If you have no previous year's wages to use in the calculation, your billing will be based on your estimated current year's wages. If your actual wages differ from the estimated wages, an adjustment to the amount due may be made at a future time.

Enlisted State Police Officer

If you were a former Michigan State Police officer, separated from that agency, and will not be entitled to a pension benefit from the State Police Retirement System, you may receive service credit for that service under this retirement system. If you received a refund of contributions, you must repay the refunded amount plus interest compounded to the date of repayment. To receive credit for this service, write, email, fax, or call ORS.

Court of Record

If you were employed by a court of record in Michigan for no less than 5 years, you may purchase this service, if a refund was issued, by paying the retirement system the amount of the refund withdrawn from the previous governmental unit plus interest.

In order to receive a billing for your court of record service, ask your court of record employer to write a letter on their letterhead addressed to ORS with the following information:

- Dates of employment
- Total employment in years, months, days
- Whether or not the employment was full-time or part-time
- If employment was part-time, total hours
- Any breaks in service
- Amount and date of refund of contributions, if any
- If a refund of contributions was not taken, a breakdown of wages earned while employed, by calendar year
- Whether or not all rights to a pension with the previous employer have been waived

Submit all information to ORS. Staff will evaluate your eligibility and notify you. You may use this credit to satisfy the vesting requirements.

Michigan City, County, Township, or Village; and Other States or Federal Government

As a state employee, you may purchase up to five years of service rendered with a city, county, township, village, another state, or the federal government. The service must be *full-time*, and you must relinquish all rights to a pension benefit based on this service.
The cost is a percentage of your highest previous fiscal year compensation times the years and months of service you are purchasing. Part-time wages will be equated to full-time wages.[6] See the Variable Percentage Buy-In Table on page 22 for the applicable percentage.

You must complete the upper portion of the Application to Purchase Credit for Other Governmental Employment (R127G). Then have your previous employer complete the remainder of the form before you return the application. For a form, contact ORS or download from the ORS web site.

(For additional information on other governmental unit service credit, refer to the section on Act 88 - Reciprocal Retirement Act, in this chapter.)

Comprehensive Employment and Training Act (CETA)

Developed in 1973, CETA is a federally-funded program designed to help increase employment opportunities by offering job experience in public service programs.
CETA service performed in a governmental unit may be creditable if you were employed by the state of Michigan within 12 months of your separation from the CETA employer.

It will be necessary for the CETA employer to certify your service dates and various other information. If you need additional information, contact ORS.

[6] If you have no previous year's wages to use in the calculation, your billing will be based on your estimated current year's wages. If your actual wages differ from the estimated wages, an adjustment to the amount due may be made at a future time.

Act 88 (Reciprocal Retirement Act of 1961 as amended)

Some full- and part-time service you performed for some governmental agencies do not qualify for buy-in credit. However, under certain conditions, you may combine Michigan governmental unit service with state of Michigan service to qualify for a pension.

You must have retirement contributions on deposit with that unit's retirement plan that you and / or your employer made for service performed for that governmental unit. In addition, you must have at least 30 months (2.5 years) of state of Michigan service credit. You must not have more than a 15-year break in service between your governmental unit service and your state service.

If your governmental unit service meets these requirements and that service, combined with your state of Michigan service, qualifies you for a pension you would not receive otherwise, you should notify ORS. You can use governmental unit employment to qualify for a pension, but not to calculate your pension amount. If you apply for benefits based in part upon such employment, you must provide a letter from the governmental employer verifying your dates of employment, hours per day, and stating that *you have retirement contributions on deposit* from a contributory plan or *your service remains in force* from a noncontributory plan.

If you took a refund of the contributions representing your other governmental unit service, you may wish to contact your previous employer because according to the Reciprocal Retirement Act, you may be eligible to make repayment. If such a redeposit is allowed, you must do so within 5 years after your state employment starts. Your previous employer and / or ORS can tell you how it would affect your situation.

If you were a state employee for at least 30 months (2.5 years) and then go to work for another Michigan governmental unit within 15 years, and your subsequent employment which, when added to your state service, equals or exceeds 10 years, you will be vested with the state and eligible to receive a benefit based on your state service at age 60.

Variable Percentage Buy-In Table

As of October 1, 1999, the cost for purchasing universal buy-in time; city, county, township, village service; maternity / paternity / child rearing time; and federal and other states' government time is based on the following variable rates.

Age at Purchase	Percentage Rate	Age at Purchase	Percentage Rate
up to 25	7.0%	43	11.9%
26	7.2%	44	12.2%
27	7.4%	45	12.5%
28	7.6%	46	12.8%
29	7.8%	47	13.1%
30	8.0%	48	13.4%
31	8.3%	49	13.7%
32	8.6%	50	14.0%
33	8.9%	51	14.2%
34	9.2%	52	14.4%
35	9.5%	53	14.6%
36	9.8%	54	14.8%
37	10.1%	55	15.0%
38	10.4%	56	15.1%
39	10.7%	57	15.2%
40	11.0%	58	15.3%
41	11.3%	59	15.4%
42	11.6%	60 & older	15.5%

Benefits Before Retirement

Before you meet the age and service requirements to be eligible for a regular retirement, you and your family are protected with additional preretirement pension benefits. If you become ill or are injured on or off the job, or die prior to your retirement, you or your beneficiary may be eligible for a disability pension, a survivor's pension, or some other type of benefit. Eligibility requirements differ for each type of pension benefit.

When you retire with one of these preretirement pensions, your option choice, Defined Benefit survivor pension beneficiary, and retirement effective date are irrevocable and cannot be changed – just like a regular retirement.

Disability Pensions

If you become totally and permanently disabled while a member of this retirement system, you may qualify for a disability pension. This retirement system offers two types of disability pensions, depending upon whether your disability results from your state of Michigan employment. Because disability issues are complicated, we recommend you contact ORS for assistance and advice as soon as you realize that a disability pension may be necessary.

A member has a maximum of two years from the date of separation from state employment to apply for a disability benefit.

Nonduty Disability Pension

A nonduty disability pension is appropriate when your disabling illness or injury doesn't result from your state employment. Your nonduty disability protection begins when you attain 10 years of service credit under this retirement system. No minimum age requirement applies.

You are eligible to receive a nonduty disability pension if for any reason:

- you become totally and permanently disabled, unable to perform duties for which you are trained, educated or experienced.
- you have acquired 10 or more years of credited service.
- you submit sufficient objective medical documentation so the system's medical advisor can determine eligibility.
- you receive a favorable determination by the Retirement Board.

Your nonduty disability pension is calculated exactly like a regular retirement pension.

The effective date of a nonduty disability retirement benefit is the first of the month following the most recent of (1) the date the application was received in the retirement office, or (2) the last day on payroll.

Options available to nonduty disability retirants are: Straight Life, 100% Survivor Pension, 75% Survivor Pension, and 50% Survivor Pension. The Equated Plans are not available. (For an explanation of the Equated Plan, see page 36.)

Other benefits may be available to nonduty disability retirants, such as long-term disability and life insurance waiver of premium. Your agency human resources office can assist you with these other programs.

Application for nonduty disability benefits must be made within two years of separation from state employment.

Duty Disability Pension

You have duty disability protection from your first day of state employment. If you are disabled by a work-related illness or injury you may apply for a duty disability pension.

You are eligible for a duty disability pension if:

- you become totally and permanently disabled, unable to perform duties for which you are trained, educated or experienced;
- you incur an injury or incapacity directly related to your employment. **Note:** An aggravation of a condition which existed outside of state employment is *not* considered a duty disability;
- you submit sufficient objective medical documentation upon which the system's medical advisor can determine eligibility; and
- you receive a favorable determination by the Retirement Board.

Application for duty disability benefits must be made within two years of separation from state employment.

There is no service requirement for receipt of duty disability benefits if all of the above conditions are met.

The effective date of a duty disability retirement benefit is the first of the month following the most recent of: (1) date of injury; (2) last day on payroll; (3) six months prior to the date of the application.

The maximum benefit payable on duty disability is $6,000 per year or $500 per month. The benefit could be less if 2/3 of the final average compensation produces a benefit lower than $6,000 or if the $6,000 plus the annual worker's compensation benefit produces an amount higher than the retirant's last annual salary.

Duty disability benefits are paid through the month in which the retirant reaches age 60. At that time, the pension is recalculated under service retirement. The recalculation at age 60 is based on final average compensation calculated as of the effective date of the duty disability benefits, and service credit *granted* for the period during which duty disability benefits are paid.

The recalculation of the Straight Life Pension cannot produce a benefit less than the amount of the duty disability benefit. In other words, if a duty disability retirant who was receiving $500 a month reaches age 60 and the recalculation at age 60 results in regular benefit of $450, the Straight Life Pension amount would remain at $500.

The selection of the 100% Survivor Pension, 75% Survivor Pension, or 50% Survivor Pension is available at age 60; therefore, the selection of an option may cause the monthly benefit after age 60 to be less than the duty disability benefit.

Weekly worker's compensation benefits may continue to be paid when a person receives duty disability benefits. A redemption of liability (lump sum settlement from a weekly worker's compensation claim) will have no effect on the amount or continued receipt of duty disability benefits.

Preretirement Survivor Pension

If you die before you retire, your spouse or another Defined Benefit beneficiary may receive a survivor pension if you met certain qualifications. Besides your spouse, other eligible Defined Benefit beneficiaries include your child (including an adopted child), grandchild, parent, sister, or brother.

If you are married, your spouse is automatically your Defined Benefit beneficiary. If your designated Defined Benefit beneficiary is not your spouse, your spouse must complete the State Employees Beneficiary Nomination Form (R400G) declining the benefit.

You can change your Defined Benefit beneficiary designation during your working years by filing a new State Employees Beneficiary Nomination Form (R400G). ***It is important to name a beneficiary for survivor benefits and keep that beneficiary designation up to date, especially if your spouse is not the beneficiary.*** You can get this form from your human resources office or via the ORS web site. Once you file this form, you need not do so again unless you are changing your Defined Benefit beneficiary.

1943 P.A. 240, as amended, does not permit naming a trust, living will, estate, organization, or company as a beneficiary for a monthly survivor benefit from the Defined Benefit retirement plan. You *can* nominate an eligible beneficiary *in care of* a trust to indicate where the proceeds of your pension would be sent or deposited.

For example, a widowed member, Todd Wilson, could designate his minor daughter as primary beneficiary, in care of a trust set up for her, by specifying: “Mary Ann Wilson c/o the Mary Ann Wilson Trust.” If Todd dies before retirement, any benefits payable to Mary Ann would be sent to her via the trust. Please contact ORS for further assistance with this type of beneficiary designation.

Nonduty Survivor Pension

Your spouse or other eligible beneficiary may receive a monthly survivor pension if you die while still working and you have met the plan requirement of 10 or more years of service credit at any age.

Your spouse is automatically your Defined Benefit beneficiary to receive a survivor pension. If you are not married or if your spouse signs your State Employees Beneficiary Nomination Form (R400G) declining the automatic spousal benefit, you may designate another primary beneficiary to receive a monthly survivor pension. You must designate that person as your primary beneficiary on your State Employees Beneficiary Nomination Form (R400G), **which must be on file with ORS at the time of your death.** Eligible beneficiaries are a child, including an adopted child, brother, sister, parent or grandchild.

If you die while still employed, the monthly survivor pension is effective the month following your death. The amount is calculated as if you had retired the day before you died and selected the 100% Survivor Pension. Health, dental, vision, and life insurance coverage may be available to Defined Benefit beneficiaries receiving a survivor pension.

If you die while your retirement is in deferred status (i.e., you left state employment before meeting the age requirement for a pension), your eligible Defined Benefit beneficiary may receive a monthly survivor pension if you:

- have 10 or more years of service credit; and
- filed an Application for Deferred Service Retirement Beneficiary Designation (R134G) or a State Employees Beneficiary Nomination Form (R400G) with ORS before you left employment.

The deferred monthly survivor pension becomes payable beginning the month you would have otherwise become eligible to receive a pension. It is paid as if you had chosen the 100% Survivor Pension. The beneficiary should apply for benefits 30 to 90 days before you would have turned 60.

Duty Survivor Pension

From your first day of state employment, if you die from an injury or illness resulting from or in the course of your state employment, your eligible Defined Benefit beneficiary is entitled to a survivor pension, regardless of your age or service credit.

The duty death pension is figured as if you had chosen the 100% Survivor Pension, using a minimum of 10 years of service credit, even though you may not have accrued that much credit. If you have more than 10 years of service credit, the benefit calculation uses your actual service credit. The maximum benefit payable is $2,400 annually.

If, at the time of death, the member or retirant had accrued at least 10 years of service, the Defined Benefit beneficiary will have the opportunity of choosing to receive either nonduty or duty death benefits.

Naming Your Beneficiary

Your primary Defined Benefit beneficiary is who you designate to receive survivor benefits when you die. (See page 13 for information on naming or changing your Deferred Compensation beneficiary.)

If you die from a work-related illness or injury with no beneficiary designation on file with ORS, your spouse automatically receives a duty death pension equal to one-third of your final compensation. In addition, any minor children will each receive a benefit equal to one-quarter of your final compensation until they marry, die, or turn 18. The total maximum benefit payable is $2,400 per year.

If you are not married, a benefit equal to a maximum of one-half of your final compensation is payable in equal shares to each of your children under 18. No child's benefit can exceed one-quarter of your final compensation. This benefit continues until the child turns 18, marries, or dies, whichever comes first. The total maximum benefit payable is $2,400 per year.

If you have no surviving spouse or minor children, your dependent parents may be eligible for a duty death benefit. Contact ORS for specific details and requirements.

You can see why it is important to name a beneficiary for the Defined Benefit plan's survivor benefits and keep that beneficiary designation current.

You name a Defined Benefit beneficiary when you complete your State Employees Beneficiary Nomination Form (R400G). You can change your Defined Benefit beneficiary designation during your working years by using the same form, which is available from your human resources office, ORS, or by downloading from the ORS web site at www.state.mi.us/dmb/ors.

Filing for Survivor's Benefits

When a member dies, the Defined Benefit beneficiary or other representative should notify ORS of the member's death as soon as possible.

ORS staff will review the member's file to determine what benefits, if any, are payable under the Defined Benefit retirement plan, and to whom. This determination will be sent to the Defined Benefit beneficiary. If benefits are payable, the beneficiary will be sent a copy of the determination, along with appropriate forms to complete and return with the following documents, if required:

- certified copy of the death certificate;
- birth certificate for beneficiary and deceased member.

If a survivor pension benefit is payable, the pension effective date will be the first of the month following the member's death. If benefits are not payable, the Defined Benefit beneficiary will be informed in writing.

Contributions Refundable to a Beneficiary

If you die before retirement and your Defined Benefit beneficiary is not entitled to a monthly survivor pension, any personal contributions you made to the Defined Benefit retirement plan, including any additional service credit you purchased, plus accrued interest, will be refunded to your Defined Benefit beneficiary in a lump sum.

If you do not name a Defined Benefit beneficiary, your contributions may be distributed by order of the probate court.

Is It Time For You To Retire?

Check Your Retirement Readiness

Answering these questions may provide some insight into how well you are prepared to retire.

YES or NO?

☐ **YES** ☐ **NO:** Do you own your home free and clear? If not, will you have enough income to pay for it?

☐ **YES** ☐ **NO:** Have you planned for the future of children or others financially dependent on you?

☐ **YES** ☐ **NO:** Have you estimated how much retirement income you will receive from all sources? Is your estimate approximately 60-80% of your preretirement income?

☐ **YES** ☐ **NO:** Have you included a realistic inflation factor in estimating the income you will need throughout retirement?

☐ **YES** ☐ **NO:** Have you saved for or planned for major expenses such as home repairs or an automobile purchase you expect to make during retirement?

☐ **YES** ☐ **NO:** Do you plan to maintain cash in reserve for a family emergency?

☐ **YES** ☐ **NO:** Do you have a current estimate from the Social Security Administration of what your benefits will be?

☐ **YES** ☐ **NO:** Have you considered that at a time of increasing life expectancies, greater demand is placed on your personal savings and investments since they must last for a longer period of time?

☐ **YES** ☐ **NO:** If an early retirement has prompted your decision to retire, are you aware these programs are typically designed for the employer's benefit?

☐ **YES** ☐ **NO:** Have you reviewed your life insurance needs and made sure your beneficiary designation is current?

☐ **YES** ☐ **NO:** Have you considered the potential benefit to yourself and your loved ones of making a living will?

☐ **YES** ☐ **NO:** Have you and your family clearly communicated your retirement expectations to each other and formulated a mutually acceptable plan?

☐ **YES** ☐ **NO:** Do you already have a fulfilling leisure time activity or hobby you plan to devote more time to in retirement?

The more "yes" answers you have, the more adequate your retirement preparation and the more likely you'll be able to preserve your standard of living.

If you have more "no" than "yes" answers, should you delay your retirement date and continue to work? Only you can answer this. This booklet points out several important considerations for successful financial planning and retirement.

Review All Facets of Your Retirement Planning

As you evaluate your readiness to retire, you have much to consider. The following should help you review your situation.

Debt: To the greatest extent possible, you should enter retirement debt-free. Monthly payments can place a strain on your retirement income.

Your planning needs to include setting aside money for unanticipated expenses – such as replacement of a furnace – and anticipated items, such as replacing an automobile.

Social Security: If you will also receive social security benefits during your postretirement employment, you should contact the Social Security Administration to learn about its separate earnings limitations, if any.

Pension Payment Schedule: You are probably accustomed to receiving a paycheck every two weeks. Your state pension is paid at the end of each month, for that month.

Deferred Compensation Plan Balance: The Plan I/457 or Plan II/401(k) money you have deferred can be used to supplement your monthly income or take as a lump sum payment. (See pages 11-14.)

Life Insurance: The retirement system provides life insurance to employees who retire directly from state employment, and have life insurance as a state employee. The coverage as a retiree is 25% of your coverage as an active state employee. Dependent life insurance coverage is reduced to $1,000. This coverage is at no cost to the retiree. You may purchase additional life insurance coverage by contacting your human resources office and requesting the packet for life insurance conversion.

You may be approached by companies marketing "pension maximization" plans that use life insurance to replace a pension survivor option. When evaluating these proposals, remember to consider ALL the benefits your retirement plan survivor option offers, including medical insurance for your Defined Benefit beneficiary.

Estate Planning: Your assets, in combination with your state pension and your social security, may be of sizable worth. Most people don't want to think about death. Yet, if you don't make plans and decisions, somebody else will have to make decisions for you. That "someone" may be a spouse or a friend, or the court. The decision may not always be as you would have chosen. To ensure that your plans and decisions are carried out, you need estate planning.

Estate planning starts with an inventory of your assets and ends with a will. A will is typically a written document directing the disposition of your property after death. A durable medical power of attorney directs your next of kin and medical providers regarding your care in the event you become physically or mentally incapacitated. Now is the time to make these critical decisions concerning your estate and medical care at the end of your life.

Leisure time: For many new retirees, the needs of a growing family, job pressures, and financial pressures have faded into the background. How are you going to use this new-found leisure time? Before you retire, develop a plan. You soon will have the extra time to do things which you never did before. Plan to do what is important and fulfilling to you.

Health: If you have dependent children living at home attending college, or others who are dependent on you – such as an elderly parent – you have special considerations to include in your financial planning. You may have to make special provisions for their health, dental, and vision insurance needs.

Tax Obligations

State and Local Income Tax

Pensions paid by the State Employees' Retirement System are exempt from Michigan state and city income tax. Although you are exempt from paying Michigan income tax, you must file state and city (if applicable) tax returns acknowledging your state pension and claiming your exemptions. Direct your questions about Michigan income tax liability to the Michigan Department of Treasury at 800-487-7000.

If you don't live in Michigan, check the state and local income tax provisions for your area.

Federal Income Tax

Your state pension is subject to federal income tax. If you do not want tax withheld, or want a specific amount withheld, you must complete a Federal Income Tax Withholding Authorization form (R12X) and return it to ORS. If you don't file a tax withholding authorization form, ORS is required by federal law to withhold tax from your pension based on the amount for a married person with three exemptions.

Each January, ORS sends retirees a Form 1099-R. This form details the gross pension amount paid during the preceding year, the portion subject to federal tax, and the tax withheld. The 1099-R information is also sent to the Internal Revenue Service (IRS).

You have post-tax money on deposit with the retirement system if you:

- made contributions on pre-1974 employment; or
- purchased additional service credit using post-tax dollars.

You have paid taxes on this money and won't be taxed on it again. Federal law requires the tax credit for this money to be distributed over your expected lifetime and that of your beneficiaries. Therefore, each monthly pension payment contains both taxable and nontaxable income.

The federal government projects your expected lifetime. If you die earlier than the government projects, your estate will have after-tax credit not yet claimed. That amount can be deducted on your income tax return.

The total amount of your after-tax money will be reported to you before your first pension payment is issued. Keep this information. It may be important when your estate is administered.

You may want to contact the IRS if you have questions about your federal tax liability as a retiree. Check your phone book, under U.S. Government, for the IRS office nearest you.

Receiving Your Pension Payment

Pension Payment Schedule

Pension payments are made near the end of each month, for that month. You should receive your first pension payment one to two months after you terminate your state of Michigan employment and all your required retirement forms are on file with ORS. Your first pension payment is retroactive to your retirement effective date.

When you retire, you select your preferred monthly pension payment method. You can choose either electronic funds transfer (EFT) into your bank account, or a paper check mailed to your home.

Electronic Funds Transfer (EFT)

ORS strongly recommends you choose EFT. When you use electronic funds transfer, your pension is electronically deposited directly in your account at your financial institution on the same date the paper check is dated – usually the 25th of the month. By law, ORS must distribute pension payments by the end of the month.

This option is safer and more convenient, eliminating the possibility that your pension payment will be lost, stolen, or delayed in the mail. If your pension check is lost or stolen and cashed fraudulently by someone else, replacement could take 6 to 12 months.

When you select the EFT option, ORS mails a statement to your home six times a year providing year-to-date payment information. It tells you the dates your pension will be deposited in the upcoming period. As of the publication date of these guidelines, EFT statements are scheduled to be mailed in January, March, May, August, October, and December.

When you elect EFT, your first pension payment is mailed to your home before the electronic deposit begins. This provides for a test period with your financial institution to ensure that the routing, account, and social security numbers are accurate.

If you do not elect EFT at the time of retirement you can sign up for it at a later date. You can also change your EFT at any time. Please allow 30-60 days for an EFT change request to take effect. If you are switching your EFT from one financial institution to another or from one account to another, you should not close the previous account until the pension payment is actually received in the new account.

Starting the Application Process

When you're ready to retire, you can get retirement application forms by downloading from the ORS web site (www.state.mi.us/dmb/ors) or calling ORS at 517-322-5103 in the Lansing area, or toll-free 800-381-5111. **Submit your completed retirement application forms at least 30 days, but no more than 90 days prior to your effective date of retirement.**

Your Retirement is Irrevocable

Once you retire, your pension payments, option choice, survivor pension beneficiary and retirement effective date are irrevocable and cannot be changed.

If you return to state employment, your pension *and insurances* will be suspended for the period you returned to state service. You are ineligible for pension benefits any month that you collect wages.

Your Retirement Application Packet

Following is a list of the forms included in your retirement application packet and an explanation of each.

Application for Service Retirement (R131G) – This form acknowledges your decision to retire and the provisions under which you are retiring. It allows ORS to determine your pension effective date. This document also indicates the payment schedule by which you elect to receive your pension – either a Straight Life pension for your own lifetime or a reduced survivor pension based on the life expectancies of both you and your Defined Benefit beneficiary. You can also choose one of the Equated Plans which provides a larger pension payment until age 65 and a permanently reduced pension afterwards. If you choose an Equated option, you must submit a social security benefit estimate along with your retirement application.

Electronic Funds Transfer (Direct Deposit) Application (R277X) – Use this form to request that your monthly pension payment be processed via electronic funds transfer to your bank account. If you do not complete and return this form, a paper check will be mailed to your home.

Group Insurance Application (R329M) – This form allows you to enroll yourself and your eligible dependents in one or more of the group insurance plans and indicate the date you wish coverage to be effective.

Federal Income Tax Withholding Authorization (R12X) – This form allows you to specify how you wish to have federal income tax withheld from your pension.

Retiree Life Insurance Beneficiary Designation Form (UG2787) –This form allows you to name a primary and contingent life insurance beneficiary. This benefit may be divided in any manner and among as many beneficiaries as desired. A named beneficiary MAY NOT sign as a witness on this document.

You may also call the insurance carriers directly at the toll-free numbers provided in the respective brochures.

Materials You Provide

You will need to furnish a photocopy of your birth certificate or other acceptable proof of birthdate. If you elect a survivor option, 100%, 75%, 50%, 100% Equated, 75% Equated, or 50% Equated, you must also furnish a photocopy of your beneficiary's birth certificate or acceptable proof of birthdate. See Appendix D for a list of items you can use to substitute for the birth certificate.

Submitting Your Retirement Application

After you read and complete the required forms and use the Retiring Applicant's Checklist to determine all forms are complete, mail the forms to:

Office of Retirement Services (ORS)
P.O. Box 30171
Lansing, MI 48909-7671

ORS will confirm the receipt of your forms. If you submit an incomplete application, ORS will tell you what is missing or incomplete so your application can proceed.

If necessary documents are delayed, your pension payment will be delayed.

Keep your mailing address up to date with ORS. ORS needs your current address for EFT statements and special mailings such as insurance rate notices and income tax information. To change your address, send ORS a signed letter with your old address, your new address, and the date you want the change to be effective. Be sure to include your social security number in the letter.

It is a good idea to make copies for your records of all documents you submit to ORS.

Notification Your Application is Complete

When you are scheduled to receive your initial pension payment, ORS will mail you a letter advising when you will receive your first pension payment plus a summary of the selections you made for your pension and benefits.

Effective Date of Retirement and Your First Pension Payment – Your retirement is effective the first of the month following the month in which:

- you have satisfied the eligibility requirements;
- you have terminated employment with the state of Michigan; and
- your retirement application forms have been on file with ORS for no less than 30 days prior to your effective date and no more than 90 days prior to your effective date of retirement.

Calculating Your Monthly Pension

Pension Formulas

Regular Retirement: 1.5 percent (.015) of your three-year final average compensation multiplied by your years and fraction of a year of credited service

Early Supplemental Retirement (Covered Employees[7]):

Step 1) 1.5 percent (.015) of your three-year final average compensation multiplied by your years and fraction of noncovered years of service.

Step 2) Two percent (.02) of your three-year final average compensation multiplied by years and fraction of covered years of service.

Step 3) Add Steps 1 and 2 together for the annual pension to age 62.

Step 4) At age 62, the pension formula is 1.5 percent (.015) of your ***total*** years and fraction of years of service times your three-year final average compensation.

Conservation Officers: Your two-year final average compensation multiplied by 60%.

Calculating Your Final Average Compensation (FAC)

The final average compensation includes:

- All wages earned during the final average compensation period, including overtime and premium time.
- Annual leave and personal leave, combined, at retirement (up to 240 hours).[8]
- Longevity earned during the final average compensation period.
- Compensatory time paid at retirement.

Note: At retirement, your human resources office pays you for any accrued leave balances. Payment for your sick leave WILL NOT be used in the calculation of your retirement benefit. ORS will include up to 240 hours of annual leave, if paid at retirement, in your final average compensation.[8]

[7] "Covered employment" is that period when an employee has custody or supervision of prison inmates.
[8] If the FAC is computed using previous years' wages, the 240 hours of annual leave will not be used in the FAC calculation.

The final average compensation period will end on your last date of employment if this period represents your highest consecutive earnings. The earnings used will be those earned from your last day of employment back three years. Example: If your last day of employment is September 30, 2001, your final average compensation period goes from October 1, 1998 through September 30, 2001.

If you believe three years of compensation other than your last three are your highest, note those years on your application to retire. ORS will use whichever is highest.[8]

NOTE: If you worked part-time or were off the payroll during your final average compensation period, ORS will pick up earnings beyond the three-year point to equal three years. Using our same example with a three-month leave of absence between October 1, 1998 and September 30, 2001, the three-year final average compensation period would run from July 1, 1998 through September 30, 2001, to use three full years of earnings in the final average compensation calculation.

Earnings used in the final average compensation will be gross earnings before deferred compensation or other income withholding.

Maximum Pension Payouts

In rare instances, IRS Code limits the pension amount that can be paid to very highly compensated individuals. Section 401(a)(17) of the IRS code restricts the amount of annual compensation that can be used to calculate a pension. Section 415(b) sets the maximum amount of pension that can be paid. If you are a very highly compensated employee, please contact ORS for further information.

Postretirement Increases

As a state retiree, you will receive a fixed 3% annual increase not to exceed $300. You receive your first increase in the second October after your retirement. If you retired July 1, 2001, you will receive the initial 3% increase in October, 2002.

The 3% increase does not compound, but it does accumulate. In the second year after retirement, your initial pension increases by 3% of your initial pension. The following year, your initial pension has increased by 6%, then by 9%, and so on.

Appendix A contains worksheets and instructions you can use to estimate your pension. Remember, this is only an estimate. When you retire, ORS thoroughly reviews and audits your account to calculate your pension amount.

Pension Payment Options

The pension formula determines the amount of pension you are eligible to receive during *your* lifetime. If you want pension payments to continue to your spouse or another eligible beneficiary (sibling, child, adopted child, parent, grandchild) when you die, you can elect a survivor pension payment option. Choosing a survivor pension option reduces your monthly pension payment.

With your retirement application packet, you receive an Application For Retirement (R131G). This form requires you to elect a Straight Life or survivor option for your pension. Your choice will determine whether or not payments and insurances continue to a beneficiary after you die.

If you are married, your spouse is automatically your Defined Benefit beneficiary. If you choose a Straight Life, Straight Life Equated, or one of the survivor options and designate someone other than your spouse as your Defined Benefit beneficiary, your spouse *must* relinquish his or her automatic survivor benefit by signing off on the Application for Retirement. You cannot change your retirement option or survivor pension beneficiary after your effective date of retirement.

Your payment options are as follows:

Straight Life Pension

With this option you receive monthly payments during *your* lifetime only.

Straight Life pays the highest monthly pension you can receive during your lifetime. Payments and insurance coverage of dependent(s) stop when you die. Benefits do not continue to a beneficiary.

Straight Life Equated combines the Straight Life Pension and the Equated Retirement Plan. Payments and insurance coverage of dependent(s) stop when you die. Benefits do not continue to your beneficiary.

Under Straight Life and Straight Life Equated, if you die before the total pension amount you have received equals or exceeds your *personal* accumulated contributions and interest on deposit in the Defined Benefit retirement plan when you retired, your Defined Benefit beneficiary receives the balance in a lump sum payment.

Survivor Pensions (100%, 75%, or 50%)

Three basic survivor pensions are currently available – 100%, 75%, or 50%. The survivor pensions allow you to elect actuarially reduced monthly payments with insurance benefits and lifetime payments continuing to your Defined Benefit beneficiary after your death. If you are married, your spouse is automatically your survivor pension beneficiary. If you are married and want to name someone other than your spouse as your Defined Benefit beneficiary, you must have your spouse's written consent.

Under these options, your monthly pension is reduced based on the life expectancies of both you and your Defined Benefit beneficiary. Your beneficiary can be your spouse, brother, sister, parent, or child, including an adopted child or a grandchild.

100% Survivor Pension pays you an actuarially reduced pension. If you die before your beneficiary, the same amount is paid to your Defined Benefit beneficiary during his or her lifetime. Insurance benefits continue for the Defined Benefit beneficiary and eligible dependent(s).

100% Equated combines the 100% Survivor Pension and the Equated Retirement Plan (see page 36).

75% Survivor Pension pays you an actuarially reduced pension, then pays your Defined Benefit beneficiary a monthly pension equal to 75% of your pension during his or her lifetime. Insurance benefits continue for the Defined Benefit beneficiary and eligible dependents.

75% Equated combines the 75% Survivor Pension and the Equated Retirement Plan (see page 36).

50% Survivor Pension pays you an actuarially reduced pension, then pays your Defined Benefit beneficiary a monthly pension equal to one-half your pension during his or her lifetime. Insurance benefits continue for the Defined Benefit beneficiary and eligible dependents.

50% Equated combines the 50% Survivor Pension and the Equated Retirement Plan (see page 36).

If your Defined Benefit beneficiary dies before you, your pension is increased to Straight Life, or Straight Life Equated the following month.

If you are choosing an Equated option (100% Equated, 75% Equated, or 50% Equated) you must provide ORS with a social security benefit estimate to properly calculate your pension amount.

Working After Retirement

Persons regularly retired and drawing benefits under the State Employees' Retirement System may return to state employment. However, if a person returns to work and receives wages on the state payroll, his / her pension benefit and insurances will be suspended for any month for in which state wages are paid.

Duty and Nonduty Disability Pensions, Earnings Limitations

All disability retirees who return to employment are subject to postretirement earnings limitations. A disability retiree's earnings limit is the difference between his / her final compensation and his / her disability retirement pension.

To determine your disability earnings limitation, multiply your final hourly rate of pay by 2,080 (the number of work hours in one year). The result is the final compensation. Subtract your annual pension from your final compensation. The result is the disability earnings limit.

For every dollar your earnings exceed the maximum, your pension will be reduced by one dollar.

Note: Your disability earnings limit ends January 1 of the year during in which you turn 60 years old.

Survivor Pension Recipients

Your Defined Benefit beneficiary receiving a survivor pension is *not* subject to employment restrictions or earnings limitations unless he / she is also receiving a State Employees' Retirement System pension granted on the basis of his / her own employment.

The Equated Retirement Plan

If you are under age 65 and not a disability retiree or retiring under the Supplemental Retirement Plan (see page 9), you can combine the Equated Plan with your Straight Life, 100% Survivor Pension, 75% Survivor Pension, and 50% Survivor Pension options.

The Equated Plan provides a way to "borrow" against future pension benefits. It pays you a larger pension each month from your retirement date until age 65. At age 65, the additional payments stop and your monthly pension payment is permanently reduced. The permanent reduction is the estimated social security benefit amount you provide when you apply for retirement.

As of January 1, 1999, any state employee who requests an Equated Plan estimate or elects an Equated Retirement Plan *must* provide ORS with a Social Security Administration (SSA) benefit estimate.

To request your SSA estimate, submit a Request for Social Security Statement (form SSA-7004) to SSA. This form is available by calling SSA toll-free at 800-772-1213, visiting your local SSA office, or online at www.ssa.gov/onlineservices.

The SSA estimate is your permanent reduction amount at age 65. ORS uses the social security benefit estimate to calculate the Equated advance payment, an actuarially determined percent of the estimated social security benefit.

These examples show how the Equated Plan works. Let's assume the following conditions:

	A	**B**
Your age at retirement	*55*	*60*
Years of service	*30*	*20*
Average salary	*$30,000*	*$20,000*
Monthly pension	*$1,125*	*$500*
Est. social security at age 65	*$1,237*	*$550*

By choosing the Equated Plan, you would be paid the monthly pension, plus an additional amount, which is an actuarially determined percent of the estimated social security benefit.

	A	**B**
Monthly pension ***without*** *Equated Plan*	*$1,125*	*$500*
Additional amount (actuarially determined)	*+ 443*	*+ 322*
Total monthly pension ***with*** *Equated Plan until age 65*	*$1,568*	*$822*

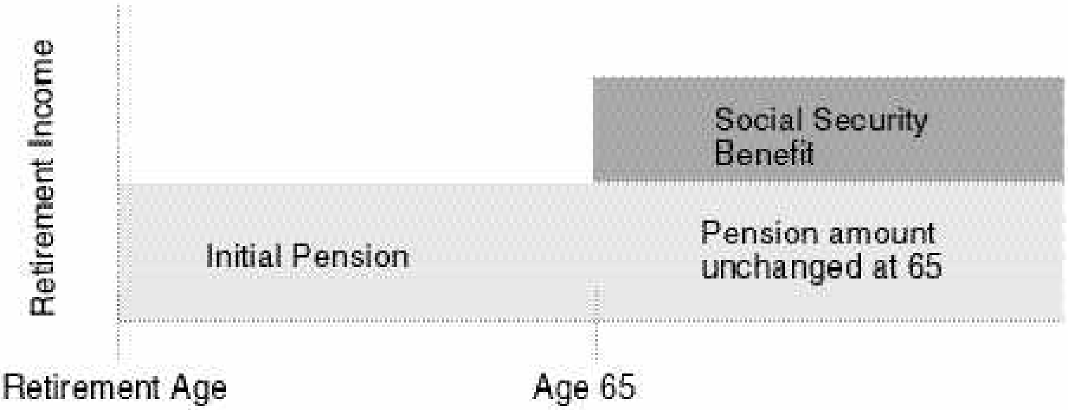
When you reach age 65, your pension is permanently reduced by your estimated social security benefit you supplied at retirement regardless of when you began to receive social security payments**.**

	A	**B**
Pre-65 monthly pension	*$1,568*	*$822*
Reduction at age 65 – Est. SSA benefit	*- $1,237*	*- $550*
State monthly pension – age 65 and after	*$331*	*$272*

The retirement system recovers the additional amount advanced to you based on projections of average life span. If you live as long as projected, neither you nor the retirement system make or lose money with this plan. If you live a shorter lifetime than was projected, you "make" money, because you don't repay all that the retirement system advanced to you. If you live longer than projected, you "lose" money on the plan because you pay more back than the amount you were advanced.

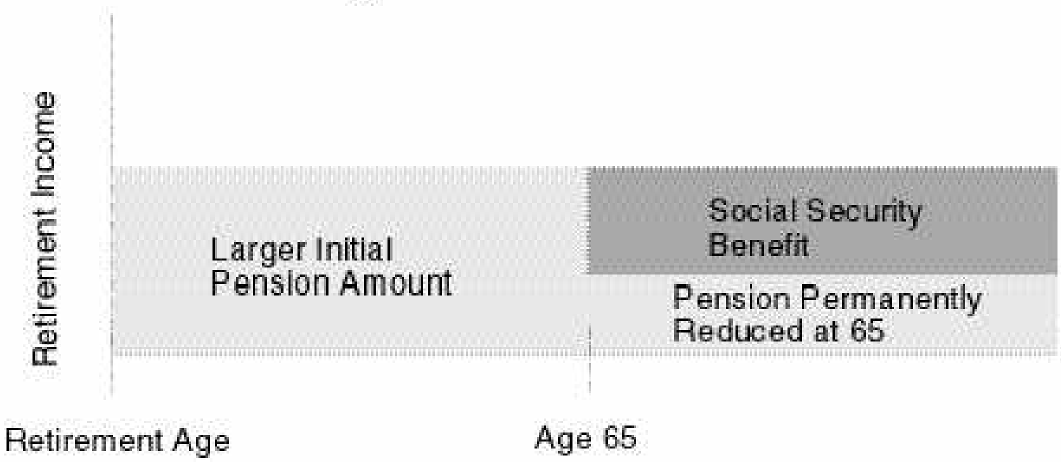
Payment Option Without Equated Plan

Income Increases at 65 by Social Security Amount



Payment Option With Equated Plan

Income Stable Throughout Retirement



Why *would* you choose the Equated Plan?

- You want to take an active role in planning your finances. You prefer to exert personal control over your money.
- You believe you can invest the money to earn more than it will cost to repay the retirement system.
- You want to receive as much in pension benefits as early as possible because your life expectancy is uncertain.

Why *wouldn't* you choose the Equated Plan?

- You don't want to see your pension reduced when you reach age 65.
- You want to use the social security benefit as a gross income increase at age 65 as a hedge against inflation.
- You think your life expectancy is longer than projected for the payback of that advance, and that a permanent reduction will end up costing you money.
- The extra amount you receive before age 65 could put you in a higher income tax bracket.

Please consider your options carefully. You can't make a change after your retirement effective date.

Insurance Information

State Health Plan

Persons enrolled as active employees in the State Health Plan can continue such coverage in the retiree group by choosing either Aetna or Blue Cross Blue Shield as the administrator for claims processing. For covered persons enrolled in both parts of medicare, there is no premium for this insurance. For those not on medicare, 5% of the total premium will be deducted from the monthly pension. A retiree may cover a spouse and / or child(ren) under the state-sponsored health, HMO, vision, and dental insurance plans as long as they meet the following eligibility criteria:

Spouse: A retiree's legal husband or wife may be covered as a dependent as long as s / he is not also separately enrolled at the same time as an eligible state employee or retiree.

Child(ren): A retiree's natural or adopted child may be covered under the health care plans as a "dependent" if s / he is living with the retiree in a parent / child relationship and is:

- Unmarried, under age 19 years; or,
- Unmarried, under age 25 years *and* regularly attending school *and* considered a dependent for tax purposes under IRS dependency guidelines.

Any other child (stepchild, grandchild, niece, nephew, etc.) may be covered as a dependent as long as s / he is:

- Unmarried, under age 19 *and* living with the retiree in a parent / child relationship *and* considered a dependent as defined in IRS tax guidelines; or
- Unmarried, under age 25 *and* regularly attending school *and* considered a dependent as defined in IRS tax guidelines.

You must provide documentation proving your dependent's eligibility at the time you submit your application for group insurance.

Incapacitated children may be eligible for continued coverage if they were determined to be totally incapacitated prior to age 19.

NOTE: You must immediately notify ORS of any change in your status and that of your dependents. Premium refunds cannot be made.

Prescription Coverage: You can obtain prescriptions under the State Health Plan using:

- Mail order for maintenance drugs ($5 for generic drugs and $10 for brand name drugs*); and
- Prescription drug plan ($5 for generic drugs, $10 for brand name drugs*).

**Costs are as of publication date and are subject to change.*

Enrollment: You must decide within 31 days after your pension effective date whether you will enroll in the insurance plans. If you choose not to enroll at retirement, you may enroll later. If you enroll later, your coverage will begin six months following the first day of the month in which ORS receives your completed insurance application.

ORS can waive the six-month waiting period if you enroll in the plan because you or your dependent lose eligibility for coverage in another group plan. Coverage can begin within 31 days after ORS receives your completed application. For ORS to waive the six-month waiting period, you must send with your application a letter from the employer explaining who was covered, why eligibility in the other plan is ending, and the date that coverage ends.

ORS may also waive the six-month waiting period if you get married and send a copy of your marriage license and a letter of notification within 30 days.

Health Maintenance Organizations: Certain health maintenance organizations (HMOs) have made arrangements with ORS to allow for continued coverage after retirement. Persons enrolled in an HMO as active employees should check with ORS to determine if such coverage continues. If not, Aetna or Blue Cross coverage may be chosen. For the HMOs participating with ORS, there is no premium deduction from your pension.

Children's eligibility for coverage for an HMO is the same as under the State Health Plan.

Life Insurance: Life insurance may be continued through the United Benefit Life Insurance Plan. The coverage will be equal to 25% of the active life insurance coverage. Dependent life insurance coverage is reduced at retirement to $1,000. There will be no deduction from the monthly check for life insurance. Retired civilian state police employees may also continue coverage through Equitable/Equicor. For information, contact the Department of State Police Human Resources Office.

If disability occurs before age 60, a waiver of life insurance premium may be applied for on forms available at your human resources office. Approval of a waiver of premium provides the same amount of life insurance as the active coverage until age 65 at no cost. For most state employees, active life insurance coverage is equal to twice the annual salary.

A retiree's natural or adopted child may be covered as a dependent as long as s/he is unmarried and under age 23. Any "other child" (stepchild, grandchild, niece, nephew, etc.) may be covered as a dependent as long as s/he is a child for whom the retiree has taken full parental responsibility and control, is unmarried, under age 23 *and* living with the retiree in a parent/child relationship *and* depends solely on the retiree for support.

Vision Insurance: Vision insurance may be continued into retirement with a deduction of 10% of the total premium from the monthly pension. Blue Cross Blue Shield is the claims processor for vision insurance.

Dental Insurance: Dental insurance may be continued through the State Dental Plan with 10% of the total premium deducted from the monthly pension.

General Insurance Information

All retiree insurances are administered by the Office of the State Employer, Employee Benefits Division. Inquiries about a claim or your coverage should be directed to the individual insurance companies. Contact ORS for a current phone listing, or link to the insurance company from the ORS web site. Questions about your eligibility to enroll in an insurance plan (or your dependent's eligibility) should be directed to ORS. Health, dental, and vision insurances are immediately available upon retirement.

When Coverage Begins

Insurance coverage usually begins on your retirement effective date. You should receive your insurance identification (ID) cards about two weeks after you receive your first pension payment.

If you incur expenses for covered medical, dental, or vision services before you receive your insurance ID cards, get itemized statements from the provider. Submit these to the insurance carrier after your card arrives. If you require hospitalization, the hospital can verify your coverage by telephoning ORS during normal business hours.

Insurance for Deferred Members

A deferred member is an individual who:

- Terminated state employment and is fully vested;
- Left personal retirement contributions on deposit; and
- Did not meet the minimum age requirement for a regular retirement benefit at the time of termination. Deferred members can begin receiving retirement benefits at age 60.

All deferred pension recipients are eligible for health, dental, and vision benefits. The amount of premium subsidy is the same as given to age and service retirees. Life insurance is not available to deferred retirees.

Survivor Coverage

Your Defined Benefit beneficiary may continue medical, dental, and vision coverage after your death only if you choose a survivor option (100% Survivor, 75% Survivor, 50% Survivor, 100% Equated, 75% Equated, or 50% Equated) that provides a survivor pension. (For more detailed information on these options, please refer to Pension Payment Options, page 34.)

If you elect either Straight Life or Straight Life Equated, which do not provide a monthly pension to a beneficiary, your enrolled dependents will not be able to continue subsidized group coverage after your death. However, your enrolled dependents may be eligible for continuation of unsubsidized insurance coverage for a maximum period of 36 months.

Continuation of Coverage

Pursuant to the Public Health Service Act (PHSA), continuation coverage is provided to certain individuals under the Consolidated Omnibus Budget Reconciliation Act (COBRA).

To qualify for COBRA benefits, you must be a spouse or dependent child of a state retiree and must be receiving State Employees' Retirement System insurance benefits at the time of a *qualifying event.* If you are a spouse, a qualifying event would be death, divorce, or legal separation from the state retiree. If you are a dependent child, a qualifying event would be the retiree's death, or loss of dependent status under the requirements of the plan. Continuation coverage does not apply to those individuals who are covered under any other group coverage or to those eligible for medicare, or to a beneficiary of a deceased 100% Survivor, 100% Equated, 75% Survivor, 75% Equated, 50% Survivor, or 50% Equated pension recipient who continues to receive a pension benefit. Refer to Pension Payment Options on page 34.

Note: If a person covered for health insurance becomes ineligible for continuation of coverage because of divorce, death of the retiree who did not select a survivor pension, or a child attaining an age of ineligibility, a federal law allows for the continuation through the state's group plan for up to 36 months. The former covered person must notify ORS within 30 days after the "qualifying event" to apply for coverage and will be required to pay 102% of the insurance premium to the Office of the State Employer, Employee Benefits Division. This insurance continuation is applied to health, vision, and dental coverage.

Medicare and You

At age 65 or sooner, if eligible, you **must** enroll in medicare health insurance (both hospital – Part A, and medical – Part B) through the Social Security Administration to maintain maximum benefit coverage. Your state retirement health coverage adjusts automatically to supplement medicare coverage at age 65. From that point on, your state insurance no longer covers your expenses normally covered by medicare. Persons under age 65 who are receiving a social security disability pension become eligible for medicare after receiving 24 months of disability benefits. Your state retirement health care coverage will be adjusted to supplement medicare – both hospital – Part A, and medical – Part B.

In any case, medicare-eligible retirees and covered dependents must send ORS a copy of their medicare card to have the supplemental portion of their claims automatically processed. This will also ensure ORS is aware of your medicare coverage.

Coordination of Benefits

Your state retirement health, dental, and vision plans contain a coordination of benefits (COB) provision that applies when you or your enrolled dependents are covered under more than one group plan. The combined payments of all plans will not exceed the allowable expenses of your care or services. If both you and your spouse are state retirees within the same group plan, there will be no advantage for duplicating coverage because COB will not apply.

APPENDIX A

Pension Calculation Worksheets

By following the steps on the worksheets on the next several pages you can estimate your state of Michigan pension for Straight Life retirement, Early Supplemental retirement, and Conservation Officer retirement.

Prior to retirement your pension can only be estimated because your wages and service through your date of termination are used when figuring your pension. Your pension will be figured using the average of your three highest years of total earnings (or two years if you are a Conservation Officer). These earnings are also known as Final Average Compensation or FAC.

Your pension is calculated using the following formula:

Regular retirement: 1.5 percent (.015) of your three-year FAC multiplied by your total years and fraction of a year of credited service.

Early Supplemental retirement (Covered Employees): (1) 1.5 percent (.015) of your three-year FAC multiplied by your years and fraction of noncovered years of service.

(2) Two percent (.02) of your three-year FAC multiplied by years and fraction of covered years of service. Steps (1) and (2) added together equal the annual pension to age 62. At age 62, the pension formula is 1.5 percent (.015) of your three-year FAC multiplied by your total years and fraction of years of service.

Conservation Officers: Your two-year FAC multiplied by 60 percent.

It is important to understand the term "retirement effective date." It is the first day of any month following the date you: (1) have satisfied the age and service requirements; (2) have terminated all employment with the state of Michigan; (3) and have submitted a retirement application on a timely basis.

THESE WORKSHEETS ARE FOR YOUR USE AND ARE NOT TO BE RETURNED.

For more information and / or application forms, please contact the Office of Retirement Services at 517-322-5103 in the Lansing area or toll-free at 800-381-5111.

ORS Web Site Benefit Estimator

Simplify your calculating by trying out the benefit estimator on the ORS web site at www.state.mi.us/dmb/ors.

The site also features downloadable publications and forms, a handy search function to get answers to your specific questions, links to other sites like the Social Security Administration and your insurance carriers, and up-to-date information on your state employees' retirement plan. New features are added regularly, so be sure to bookmark the site and visit often.

Straight Life Pension

This option pays you the largest pension you can receive and stops with your death. **THERE ARE NO CONTINUING MONTHLY BENEFITS FOR THE BENEFICIARY**, only a lump sum refund of any individual contributions not paid to you in benefits.

EXAMPLE

Instructions	Year	Wages
1. List your highest total wages for 3 years (36 consecutive months). INCLUDE regular wages and pay for extra work, e.g., overtime. Up to 240 hours of annual leave and longevity pay are added into the FAC. These payments will be included in the final benefit calculation.[9]		
2. Total Wages		
3. Divide total wages by 3. This is your **FINAL AVERAGE COMPENSATION (FAC).**		
4. Multiply your **FAC** by 1.5% (.015) for Straight Life retirement.		**X .015**
5. Write your total of service credit years and months (convert months using chart below*) and multiply.		**X**
6. This is your **annual** Straight Life option pension.		
7. Divide by 12. This is your monthly Straight Life option pension.		**÷ 12**

Year	Wages
1. 5-31-97 to 12-31-97	$22,938.02
1998	41,244.40
1999	41,917.28
1-1-00 thru 5-31-00	19,526.40
2.	$125,626.10
3.	41,875.37
4.	X .015 628.13
5.	X 30.0
6.	18,843.90
7.	÷ 12 $1,570.33

*** 1 month = .0833**
2 months = .1667
3 months = .25
4 months = .3333
5 months = .4167
6 months = .5
7 months = .5833
8 months = .6667
9 months = .75
10 months = .8333
11 months = .9167

[9] If the FAC is computed using previous years' wages, the 240 hours of annual leave will not be used in the FAC calculation.

100% Survivor Pension

This option pays you a reduced pension using an actuarial percentage. The month after your death, the same amount (100%) you were receiving continues to your Defined Benefit beneficiary, for the remainder of his/her lifetime. If your Defined Benefit beneficiary dies before you, your pension will revert to the Straight Life option amount. If your age or your beneficiary's age is younger or older than the range shown in the table below, please telephone ORS at 517-322-5103 in the Lansing area, or toll-free at 800-381-5111 for assistance.

1. Write your estimated Straight Life option monthly pension.	$
2. Using your ages as of your retirement pension effective date, write the appropriate percentage from the chart below and multiply.	X
3. This is your 100% Survivor monthly pension. In the event of your death your beneficiary will also receive this amount.	$

Example
Retiree - Age 55
Beneficiary - Age 51

1.	**$1,570.33**
2.	**X .86**
3.	**$1,350.48**

RETIREE AGE	**BENEFICIARY AGE**														
	41	**43**	**45**	**47**	**49**	**51**	**53**	**55**	**57**	**59**	**61**	**63**	**65**	**67**	**69**
48	.90	.90	.91	.91	.92	.92	.92	.93	.93	.94	.94	.95	.95	.96	.96
49	.89	.90	.90	.90	.91	.91	.92	.92	.93	.93	.94	.94	.95	.95	.96
50	.88	.89	.89	.90	.90	.91	.91	.92	.92	.93	.93	.94	.94	.95	.95
51	.87	.88	.88	.89	.89	.90	.91	.91	.92	.92	.93	.93	.94	.94	.95
52	.87	.87	.88	.88	.89	.89	.90	.90	.91	.92	.92	.93	.93	.94	.94
53	.86	.87	.87	.87	.88	.88	.89	.90	.90	.91	.91	.92	.93	.93	.94
54	.85	.85	.86	.86	.87	.87	.88	.89	.89	.90	.91	.91	.92	.93	.93
55	.84	.84	.85	.85	.86	.86	.87	.88	.89	.89	.90	.91	.91	.92	.93
56	.83	.83	.84	.84	.85	.85	.86	.87	.88	.88	.89	.90	.91	.91	.92
57	.81	.82	.82	.83	.84	.84	.85	.86	.87	.87	.88	.89	.90	.91	.91
58	.80	.81	.81	.82	.82	.83	.84	.85	.86	.86	.87	.88	.89	.90	.91
59	.79	.79	.80	.81	.81	.82	.83	.84	.84	.85	.86	.87	.88	.89	.90
60	.77	.78	.79	.79	.80	.81	.81	.82	.83	.84	.85	.86	.87	.88	.89
61	.76	.77	.77	.78	.78	.79	.80	.81	.82	.83	.84	.85	.86	.87	.88
62	.75	.75	.76	.76	.77	.78	.79	.79	.80	.81	.82	.83	.85	.86	.87
63	.73	.73	.74	.75	.75	.76	.77	.78	.79	.80	.81	.82	.83	.84	.85
64	.71	.72	.72	.73	.74	.75	.75	.76	.77	.78	.80	.81	.82	.83	.84
65	.70	.70	.71	.71	.72	.73	.74	.75	.76	.77	.78	.79	.80	.82	.83
66	.68	.69	.69	.70	.70	.71	.72	.73	.74	.75	.76	.78	.79	.80	.81
67	.66	.67	.67	.68	.69	.70	.70	.71	.72	.74	.75	.76	.77	.79	.80
68	.64	.65	.66	.66	.67	.68	.69	.70	.71	.72	.73	.74	.76	.77	.78
69	.63	.63	.64	.64	.65	.66	.67	.68	.69	.70	.71	.73	.74	.75	.76
70	.61	.61	.62	.63	.63	.64	.65	.66	.67	.68	.69	.71	.72	.74	.75

75% Survivor Pension

The 75% Survivor Pension pays you a reduced pension using an actuarial percent. The month after your death, **three-quarters (75%) of the amount you were receiving continues to your Defined Benefit beneficiary** for the rest of his / her lifetime. If your Defined Benefit beneficiary dies before you, your pension will revert to the full Straight Life pension. If your age or your beneficiary's age is younger or older than the range shown in the table below, please telephone ORS at 517-322-5103 in the Lansing area, or toll-free at 800-381-5111 for assistance.

1. Write your estimated Straight Life option monthly pension.	$
2. Using the ages as of your retirement effective date, write the appropriate percent from the sample 75% Survivor chart below and multiply.	x
3. This is your estimated 75% Survivor monthly pension.	$
4. Multiply your estimated pension by 75% (.75) Upon your death, your beneficiary will receive this amount.	x .75 $

Example **Retiree - Age 55** **Beneficiary - Age 51**	
1.	$1,570.33
2.	x .90
3.	$ 1,413.30
4.	x .75 $ 1,059.97

RETIREE AGE	**BENEFICIARY AGE**														
	41	**43**	**45**	**47**	**49**	**51**	**53**	**55**	**57**	**59**	**61**	**63**	**65**	**67**	**69**
48	.93	.93	.93	.94	.94	.94	.95	.95	.95	.96	.96	.96	.97	.97	.97
49	.92	.92	.93	.93	.93	.94	.94	.95	.95	.95	.96	.96	.96	.97	.97
50	.91	.92	.92	.92	.93	.93	.94	.94	.94	.95	.95	.96	.96	.96	.97
51	.91	.91	.91	.92	.92	.93	.93	.94	.94	.94	.95	.95	.96	.96	.96
52	.90	.90	.91	.91	.92	.92	.93	.93	.93	.94	.94	.95	.95	.96	.96
53	.89	.90	.90	.90	.91	.91	.92	.92	.93	.93	.94	.94	.95	.95	.96
54	.88	.89	.89	.90	.90	.91	.91	.92	.92	.93	.93	.94	.94	.95	.95
55	.88	.88	.88	.89	.89	.90	.90	.91	.92	.92	.93	.93	.94	.94	.95
56	.87	.87	.88	.88	.89	.89	.90	.90	.91	.91	.92	.93	.93	.94	.94
57	.86	.86	.87	.87	.88	.88	.89	.89	.90	.91	.91	.92	.93	.93	.94
58	.85	.85	.86	.86	.87	.87	.88	.88	.89	.90	.91	.91	.92	.93	.93
59	.84	.84	.85	.85	.86	.86	.87	.88	.88	.89	.90	.90	.91	.92	.93
60	.82	.83	.83	.84	.85	.85	.86	.86	.87	.88	.89	.89	.90	.91	.92
61	.81	.82	.82	.83	.83	.84	.85	.85	.86	.87	.88	.89	.89	.90	.91
62	.80	.80	.81	.82	.82	.83	.83	.84	.85	.86	.87	.87	.88	.89	.90
63	.79	.79	.80	.80	.81	.81	.82	.83	.84	.85	.85	.86	.87	.88	.89
64	.77	.78	.78	.79	.79	.80	.81	.82	.82	.83	.84	.85	.86	.87	.88
65	.76	.76	.77	.77	.78	.79	.79	.80	.81	.82	.83	.84	.85	.86	.87
66	.74	.75	.75	.76	.77	.77	.78	.79	.80	.81	.82	.83	.84	.85	.86
67	.73	.73	.74	.74	.75	.76	.76	.77	.78	.79	.80	.81	.82	.83	.85
68	.71	.72	.72	.73	.73	.74	.75	.76	.77	.78	.79	.80	.81	.82	.83
69	.70	.70	.71	.71	.72	.73	.73	.74	.75	.76	.77	.78	.79	.81	.82
70	.68	.68	.69	.70	.70	.71	.72	.73	.73	.74	.76	.77	.78	.79	.81

50% Survivor Pension

This option pays you a reduced pension using an actuarial percentage. The month after your death, one half (50%) of the amount you were receiving continues to your Defined Benefit beneficiary, for the remainder of his / her lifetime. If your Defined Benefit beneficiary dies before you, your pension will revert to the Straight Life option amount. If your age or your beneficiary's age is younger or older than the range shown in the table below, please telephone ORS at 517-322-5103 in the Lansing area, or toll-free at 800-381-5111 for assistance.

1. Write your estimated Straight Life option monthly pension.	$
2. Using your ages as of your retirement pension effective date, write the appropriate percentage from the chart below and multiply.	X
3. This is your estimated 50% Survivor monthly pension.	
4. Multiply your pension by 50% (.50). In the event of your death your beneficiary will receive this amount.	$

Example Retiree - Age 55 Beneficiary - Age 51	
1.	**$1,570.33**
2.	**X .93**
3.	**$1,460.41**
4.	**X .50** **730.20**

RETIREE AGE	BENEFICIARY AGE														
	41	43	45	47	49	51	53	55	57	59	61	63	65	67	69
48	.94	.95	.95	.95	.95	.96	.96	.96	.96	.97	.97	.97	.97	.97	.98
49	.94	.94	.95	.95	.95	.95	.96	.96	.96	.96	.97	.97	.97	.97	.97
50	.94	.94	.94	.94	.95	.95	.95	.95	.96	.96	.96	.97	.97	.97	.97
51	.93	.93	.94	.94	.94	.95	.95	.95	.95	.96	.96	.96	.97	.97	.97
52	.93	.93	.93	.93	.94	.94	.94	.95	.95	.95	.96	.96	.96	.97	.97
53	.92	.92	.93	.93	.93	.94	.94	.94	.95	.95	.95	.96	.96	.96	.97
54	.92	.92	.92	.92	.93	.93	.93	.94	.94	.95	.95	.95	.96	.96	.96
55	.91	.91	.92	.92	.92	.93	.93	.93	.94	.94	.95	.95	.95	.96	.96
56	.90	.91	.91	.91	.92	.92	.92	.93	.93	.94	.94	.94	.95	.95	.96
57	.90	.90	.90	.91	.91	.91	.92	.92	.93	.93	.94	.94	.94	.95	.95
58	.89	.89	.89	.90	.90	.91	.91	.92	.92	.92	.93	.93	.94	.94	.95
59	.88	.88	.89	.89	.89	.90	.90	.91	.91	.92	.92	.93	.93	.94	.94
60	.87	.87	.88	.88	.89	.89	.90	.90	.91	.91	.92	.92	.93	.93	.94
61	.86	.87	.87	.87	.88	.88	.89	.89	.90	.90	.91	.92	.92	.93	.93
62	.85	.86	.86	.86	.87	.87	.88	.88	.89	.90	.90	.91	.91	.92	.93
63	.84	.85	.85	.85	.86	.86	.87	.87	.88	.89	.89	.90	.91	.91	.92
64	.83	.83	.84	.84	.85	.85	.86	.86	.87	.88	.88	.89	.90	.91	.91
65	.82	.82	.83	.83	.84	.84	.85	.85	.86	.87	.87	.88	.89	.90	.90
66	.81	.81	.82	.82	.83	.83	.84	.84	.85	.86	.86	.87	.88	.89	.90
67	.80	.80	.80	.81	.81	.82	.82	.83	.84	.85	.85	.86	.87	.88	.89
68	.78	.79	.79	.80	.80	.81	.81	.82	.83	.83	.84	.85	.86	.87	.88
69	.77	.77	.78	.78	.79	.79	.80	.81	.81	.82	.83	.84	.85	.86	.87
70	.76	.76	.76	.77	.77	.78	.79	.79	.80	.81	.82	.83	.84	.85	.86

Equated Plan Pensions: Straight Life Equated, 100% Equated, 75% Equated, 50% Equated

(Not available to Early Supplement Retirees)

The Equated Plan may be chosen by any applicant under age 65, except a disability applicant, or an employee covered by early supplemental benefits.

The Equated Plan provides a higher pension every month until age 65 when the monthly pension permanently decreases to a lower amount than the Straight Life option or any survivor option alone would provide.

Before calculating or applying for an Equated Plan option (Straight Life Equated, 100% Equated, 75% Equated, or 50% Equated), you will need an estimate of your social security benefit payable at age 65. Obtain this by asking the Social Security Administration (SSA) for Form SSA-7004, Request for Social Security Statement. This form, as well as social security benefit calculators, are available online at www.ssa.gov/onlineservices. (You could also then use the ORS online pension calculator at www.state.mi.us/dmb/ors.)

The Equated Plan does not affect a survivor pension. If you choose a survivor option combined with the Equated Plan option (100% Equated, 75% Equated, or 50% Equated), your beneficiary will receive the applicable amount beginning the month following your death. If your beneficiary dies before you, your pension will revert to the Straight Life Equated option.

The Equated Plan does not affect any post-retirement increases from either the retirement system or social security.

	STRAIGHT LIFE	100% OPTION	75% OPTION	50% OPTION
1. Write your applicable option amount here.	$		$	$
	STRAIGHT LIFE EQUATED	100% EQUATED	75% EQUATED	50% EQUATED
2. Write the pre-65 advance amount and total.	+	+	+	+
3. This is the monthly pension you will receive to age 65.	$	$	$	$
4. Write the age-65 permanent reduction amount and subtract.	–	–	–	–
5. This is the monthly pension you will receive at age 65.	$	$	$	$

EXAMPLE

STRAIGHT LIFE	100% OPTION	75% OPTION	50% OPTION
1. $1,570.33	$1,350.48	$1,413.30	$1,460.41
STRAIGHT LIFE EQUATED	100% EQUATED	75% EQUATED	50% EQUATED
2. + $551.00	+$551.00	+$551.00	+$551.00
3. $2,121.33	$1,901.48	$1,964.30	$2,011.41
4. – $1,533.00	– $1,533.00	– $1,533.00	– $1,533.00
5. $ 588.33	$ 368.48	$ 431.30	$ 478.41

Early Supplemental (Covered Employees) –
Straight Life Pension

This option pays you the largest pension you can receive and stops with your death. **There are no continuing monthly benefits for the beneficiary**, only a lump sum refund of any individual contributions not paid to you in benefits.

Instructions	Year	Wages	EXAMPLE Year	EXAMPLE Wages
1. List your highest total wages for 3 years (36 consecutive months). INCLUDE regular wages, overtime, P-rate. Up to 240 hours of your annual leave payoff can be added to the three-year total.[10]			1. 5-31-97 to 12-31-97 1998 1999 1-1-00 thru 5-31-00	$22,938.02 41,244.40 41,917.28 19,526.40
2. Total Wages			2.	$125,626.10
3. Divide total wages by 3. This is your **FINAL AVERAGE COMPENSATION (FAC).**			3.	$41,875.37
4. Multiply your **FAC** by 2.0% (.02).			4.	X .02 $837.51
5. Multiply #4 by your years of covered service.			5.	X 25 $20,937.75
6. Multiply #3 (your FAC) by 1.5%.			6.	X .015 $628.13
7. Multiply #6 by your years of uncovered service.			7.	X 5 $3,140.65
8. Add #5 to #7. This is your annual Straight Life option pension to age 62.			8.	$20,937.75 +3,140.65 $24,078.40
9. Divide #8 by 12. This is your Straight Life monthly pension to age 62.			9.	÷ 12 $2,006.53
10. Multiply #6 times your total service. This is your annual Straight Life option pension after age 62.			10.	X 30 $18,843.90
11. Divide #10 by 12. This is your monthly Straight Life option pension after age 62.			11.	÷ 12 $1,570.32

Proceed to the 100%, 75%, and 50% calculations using the appropriate figures.

[10] If the FAC is computed using previous years' wages, the 240 hours of annual leave will not be used in the FAC calculation.

Conservation Officers
Straight Life Pension

This option pays you the largest pension you can receive and stops with your death. **There are no continuing monthly benefits for the beneficiary**, only a lump sum refund of any individual contributions not paid to you in benefits.

Instructions	Year	Wages	EXAMPLE Year	EXAMPLE Wages
1. List your highest total wages for 2 years (24 consecutive months). INCLUDE regular wages and pay for extra work, e.g., overtime. Up to 240 hours of annual leave and longevity pay are added into the FAC.[11] These payments will be included in the final benefit calculation.			1. 5-31-98 to 12-31-98 1999 1-1-00 thru 5-31-00	24,059.23 41,917.28 29,526.40
2. Total Wages			2.	$95,502.91
3. Divide total wages by 2. This is your **FINAL AVERAGE COMPENSATION (FAC).**			3.	47,751.46
4. Multiply your **FAC** by 60%. This is your annual Straight Life option pension.		**X .60**	4.	X .60 28,650.87
5. Divide by 12. This is your monthly Straight Life option pension.		**÷ 12**	5.	÷ 12 2,387.57

Proceed to the 100%, 75%, 50%, Straight Life Equated, 100% Equated, 75% Equated, and 50% Equated calculations using the appropriate figures.

[11] If the FAC is computed using previous years' wages, the 240 hours of annual leave will not be used in the FAC calculation.

Postretirement Increases

Your retirement plan provides permanent postretirement increases. The increases are equal to 3% (.03) of your initial pension with an annual maximum of $300 ($25 per month) under the Straight Life option, 100% Survivor, 75% Survivor, or 50% Survivor Option, whichever you choose. The first increase is permanently added to your monthly pension the second October following your retirement. This same amount is added again each October. The increases are permanent and cumulative but not compounded.

The Equated Plan does not affect the amount of your increase. If you choose 100% Survivor or 100% Equated, in the event of your death your beneficiary will continue to receive the same increase you were receiving. If you choose 75% Survivor or 75% Equated, in the event of your death your beneficiary will receive three-quarters (75%) of the increase you were receiving. If you choose 50% Survivor or 50% Equated, in the event of your death your beneficiary will receive one-half (50%) of the increase you were receiving.

	STRAIGHT LIFE	100%	75%	50%
1. Write your applicable option and multiply.				
2. This amount is permanently added to your monthly pension each October beginning the second October following your retirement, if $25 or less per month.	X .03 $	X .03 $	X .03 $	X .03 $
3. If the result is more than $25, reduce to $25.				

EXAMPLES

	STRAIGHT LIFE	100%	75%	50%
1.	$1,570.33	$1,350.48	$ 1,413.30	$1,460.41
2.	X .03 $ 47.11	X .03 $ 40.51	X .03 $ 42.40	X .03 $ 43.81
3.	$ 25.00	$ 25.00	$ 25.00	$ 25.00

STRAIGHT LIFE ESTIMATE CHART — This chart can be used to determine your annual Straight Life pension or as a review of your calculations. The amount on page 42, line 6, approximates an estimate from this chart. If there is a discrepancy, check your calculations. Locate your average wage in the first column below. Then move to the right on the same line to the column for the years of service credit which you have. The amount in that column is your estimated annual pension using the Straight Life formula. If your average wage or service credit is not shown, your pension will be proportionately between the column or line before and after.

Average	Value	Years of Service Credit															
Wage	Per Year	10	12	14	16	18	20	22	24	26	28	30	32	34	36	38	40
5,000	75.00	750	900	1,050	1,200	1,350	1,500	1,650	1,800	1,950	2,100	2,250	2,400	2,550	2,700	2,850	3,000
6,000	90.00	900	1,080	1,260	1,440	1,620	1,800	1,980	2,160	2,340	2,520	2,700	2,880	3,060	3,240	3,420	3,600
7,000	105.00	1,050	1,260	1,470	1,680	1,890	2,100	2,310	2,520	2,730	2,940	3,150	3,360	3,570	3,780	3,990	4,200
8,000	120.00	1,200	1,440	1,680	1,920	2,160	2,400	2,640	2,880	3,120	3,360	3,600	3,840	4,080	4,320	4,560	4,800
9,000	135.00	1,350	1,620	1,890	2,160	2,430	2,700	2,970	3,240	3,510	3,780	4,050	4,320	4,590	4,860	5,130	5,400
10,000	150.00	1,500	1,800	2,100	2,400	2,700	3,000	3,300	3,600	3,900	4,200	4,500	4,800	5,100	5,400	5,700	6,000
11,000	165.00	1,650	1,980	2,310	2,640	2,970	3,300	3,630	3,960	4,290	4,620	4,950	5,280	5,610	5,940	6,270	6,600
12,000	180.00	1,800	2,160	2,520	2,880	3,240	3,600	3,960	4,320	4,680	5,040	5,400	5,760	6,120	6,480	6,840	7,200
13,000	195.00	1,950	2,340	2,730	3,120	3,510	3,900	4,290	4,680	5,070	5,460	5,850	6,240	6,630	7,020	7,410	7,800
14,000	210.00	2,100	2,520	2,940	3,360	3,780	4,200	4,620	5,040	5,460	5,880	6,300	6,720	7,140	7,560	7,980	8,400
15,000	225.00	2,250	2,700	3,150	3,600	4,050	4,500	4,950	5,400	5,850	6,300	6,750	7,200	7,650	8,100	8,550	9,000
16,000	240.00	2,400	2,880	3,360	3,840	4,320	4,800	5,280	5,760	6,240	6,720	7,200	7,680	8,160	8,640	9,120	9,600
17,000	255.00	2,550	3,060	3,570	4,080	4,590	5,100	5,610	6,120	6,630	7,140	7,650	8,160	8,670	9,180	9,690	10,200
18,000	270.00	2,700	3,240	3,780	4,320	4,860	5,400	5,940	6,480	7,020	7,560	8,100	8,640	9,180	9,720	10,260	10,800
19,000	285.00	2,850	3,420	3,990	4,560	5,130	5,700	6,270	6,840	7,410	7,980	8,550	9,120	9,690	10,260	10,830	11,400
20,000	300.00	3,000	3,600	4,200	4,800	5,400	6,000	6,600	7,200	7,800	8,400	9,000	9,600	10,200	10,800	11,400	12,000
21,000	315.00	3,150	3,780	4,410	5,040	5,670	6,300	6,930	7,560	8,190	8,820	9,450	10,080	10,710	11,340	11,970	12,600
22,000	330.00	3,300	3,960	4,620	5,280	5,940	6,600	7,260	7,920	8,580	9,240	9,900	10,560	11,220	11,880	12,540	13,200
23,000	345.00	3,450	4,140	4,830	5,520	6,210	6,900	7,590	8,280	8,970	9,660	10,350	11,040	11,730	12,420	13,110	13,800
24,000	360.00	3,600	4,320	5,040	5,760	6,480	7,200	7,920	8,640	9,360	10,080	10,800	11,520	12,240	12,960	13,680	14,400
25,000	375.00	3,750	4,500	5,250	6,000	6,750	7,500	8,250	9,000	9,750	10,500	11,250	12,000	12,750	13,500	14,250	15,000
26,000	390.00	3,900	4,680	5,460	6,240	7,020	7,800	8,580	9,360	10,140	10,920	11,700	12,480	13,260	14,040	14,820	15,600
27,000	405.00	4,050	4,860	5,670	6,480	7,290	8,100	8,910	9,720	10,530	11,340	12,150	12,960	13,770	14,580	15,390	16,200
28,000	420.00	4,200	5,040	5,880	6,720	7,560	8,400	9,240	10,080	10,920	11,760	12,600	13,440	14,280	15,120	15,960	16,800
29,000	435.00	4,350	5,220	6,090	6,960	7,830	8,700	9,570	10,440	11,310	12,180	13,050	13,920	14,790	15,660	16,530	17,400
30,000	450.00	4,500	5,400	6,300	7,200	8,100	9,000	9,900	10,800	11,700	12,600	13,500	14,400	15,300	16,200	17,100	18,000
31,000	465.00	4,650	5,580	6,510	7,440	8,370	9,300	10,230	11,160	12,090	13,020	13,950	14,880	15,810	16,740	17,670	18,600
32,000	480.00	4,800	5,760	6,720	7,680	8,640	9,600	10,560	11,520	12,480	13,440	14,400	15,360	16,320	17,280	18,240	19,200
33,000	495.00	4,950	5,940	6,930	7,920	8,910	9,900	10,890	11,880	12,870	13,860	14,850	15,840	16,830	17,820	18,810	19,800
34,000	510.00	5,100	6,120	7,140	8,160	9,180	10,200	11,220	12,240	13,260	14,280	15,300	16,320	17,340	18,360	19,380	20,400
35,000	525.00	5,250	6,300	7,350	8,400	9,450	10,500	11,550	12,600	13,650	14,700	15,750	16,800	17,850	18,900	19,950	21,000
36,000	540.00	5,400	6,480	7,560	8,640	9,720	10,800	11,880	12,960	14,040	15,120	16,200	17,280	18,360	19,440	20,520	21,600
37,000	555.00	5,550	6,660	7,770	8,880	9,990	11,100	12,210	13,320	14,430	15,540	16,650	17,760	18,870	19,980	21,090	22,200
38,000	570.00	5,700	6,840	7,980	9,120	10,260	11,400	12,540	13,680	14,820	15,960	17,100	18,240	19,380	20,520	21,660	22,800
39,000	585.00	5,850	7,020	8,190	9,360	10,530	11,700	12,870	14,040	15,210	16,380	17,550	18,720	19,890	21,060	22,230	23,400
40,000	600.00	6,000	7,200	8,400	9,600	10,800	12,000	13,200	14,400	15,600	16,800	18,000	19,200	20,400	21,600	22,800	24,000
41,000	615.00	6,150	7,380	8,610	9,840	11,070	12,300	13,530	14,760	15,990	17,220	18,450	19,680	20,910	22,140	23,370	24,600
42,000	630.00	6,300	7,560	8,820	10,080	11,340	12,600	13,860	15,120	16,380	17,640	18,900	20,160	21,420	22,680	23,940	25,200
43,000	645.00	6,450	7,740	9,030	10,320	11,610	12,900	14,190	15,480	16,770	18,060	19,350	20,640	21,930	23,220	24,510	25,800
44,000	660.00	6,600	7,920	9,240	10,560	11,880	13,200	14,520	15,840	17,160	18,480	19,800	21,120	22,440	23,760	25,080	26,400
45,000	675.00	6,750	8,100	9,450	10,800	12,150	13,500	14,850	16,200	17,550	18,900	20,250	21,600	22,950	24,300	25,650	27,000
46,000	690.00	6,900	8,280	9,660	11,040	12,420	13,800	15,180	16,560	17,940	19,320	20,700	22,080	23,460	24,840	26,220	27,600
47,000	705.00	7,050	8,460	9,870	11,280	12,690	14,100	15,510	16,920	18,330	19,740	21,150	22,560	23,970	25,380	26,790	28,200
48,000	720.00	7,200	8,640	10,080	11,520	12,960	14,400	15,840	17,280	18,720	20,160	21,600	23,040	24,480	25,920	27,360	28,800
49,000	735.00	7,350	8,820	10,290	11,760	13,230	14,700	16,170	17,640	19,110	20,580	22,050	23,520	24,990	26,460	27,930	29,400
50,000	750.00	7,500	9,000	10,500	12,000	13,500	15,000	16,500	18,000	19,500	21,000	22,500	24,000	25,500	27,000	28,500	30,000
51,000	765.00	7,650	9,180	10,710	12,240	13,770	15,300	16,830	18,360	19,890	21,420	22,950	24,480	26,010	27,540	29,070	30,600
52,000	780.00	7,800	9,360	10,920	12,480	14,040	15,600	17,160	18,720	20,280	21,840	23,400	24,960	26,520	28,080	29,640	31,200
53,000	795.00	7,950	9,540	11,130	12,720	14,310	15,900	17,490	19,080	20,670	22,260	23,850	25,440	27,030	28,620	30,210	31,800
54,000	810.00	8,100	9,720	11,340	12,960	14,580	16,200	17,820	19,440	21,060	22,680	24,300	25,920	27,540	29,160	30,780	32,400
55,000	825.00	8,250	9,900	11,550	13,200	14,850	16,500	18,150	19,800	21,450	23,100	24,750	26,400	28,050	29,700	31,350	33,000
56,000	840.00	8,400	10,080	11,760	13,440	15,120	16,800	18,480	20,160	21,840	23,520	25,200	26,880	28,560	30,240	31,920	33,600

APPENDIX B

Divorce and Domestic Relations Orders

If you are a member or deferred member of the State Employees' Retirement System when you divorce, the court may order the retirement system to pay a portion of your pension to an alternate payee, typically your former spouse or dependent child.

Before ORS can legally carry out the court's ruling, the judge must issue a specific type of order, known as an Eligible Domestic Relations Order, or EDRO. Your EDRO must be on file with ORS before your retirement effective date.

An EDRO is a negotiated agreement between divorcing parties, subject to approval by the court. An EDRO is not necessary if both parties agree that no pension benefit will be shared in the divorce settlement.

By law, an EDRO must contain specific information in a specific format. Write, call, fax, or email ORS for a sample EDRO.

Two Michigan laws control the division of your pension during divorce. These are:

- The Eligible Domestic Relations Order (EDRO) Act (1991 P.A. 46); and
- The State Employees' Retirement Act (1943 P.A. 240, as amended).

Before the retirement system can implement an EDRO, it must comply with the provisions of both these laws.

The EDRO Act does not apply to a divorce that occurs after retirement. However, the state employees' retirement law provides that if you chose a survivor option and divorce after retirement, your option may be changed to a straight life pension, providing ORS receives a court order to make the change.

An EDRO may not require a benefit which the retirement system does not otherwise provide, or a form of payment the EDRO Act does not provide. It cannot order the retirement system to pay an increased benefit based on actuarial value or to make payment to an alternate payee that is payable to another alternate payee under a previously filed EDRO.

An EDRO applies only to the pension portion of your state retirement benefit package. It cannot order state retirement insurance coverage benefits for your alternate payee.

APPENDIX C

Financial Planning Information

Retirement planning begins with two questions: How much income will you need in retirement? Where will the money come from?

Ensuring you will have enough money in retirement to maintain the lifestyle you wish to lead is a fundamental concern. As you evaluate your situation, keep in mind that most of your retirement income will come from three sources:

- Your State Employees' Retirement System pension;
- Social Security;
- Income from personal savings and investments.

You may have other income sources, such as postretirement employment, a spouse's income, an estate or a trust. However, for the purposes of this discussion, these are ignored because of their special or temporary nature.

How much income do you need to maintain your standard of living? Retirement planners agree that 60% to 80% of the final year's gross salary is necessary. That general guideline may need to be adjusted for your particular circumstances. For instance, you may need more income if you plan to relocate to an area with a higher cost of living.

For planning purposes, 75% is a good target.

Example: If your final gross salary is $36,000, you will need about $27,000 in your first year of retirement. ($36,000 x .75 = $27,000)

Inflation

A typical person retiring today at age 55 should plan to live at least 30 more years. To retain the same purchasing power throughout 30 or more years of retirement, your income must increase each year to keep pace with inflation.

Consider the common items you buy every day, such as a loaf of bread or a gallon of gasoline and how their costs have increased over 30 years. Some costs have increased by as much as 500%.

You should plan for your income to keep pace with inflation to maintain your purchasing power as it exists when you retire. To do this, you must make an educated guess what inflation will be in the coming decades. While the past is no indication of the future, inflation has averaged 4.89% per year over the past 20 years.

While many of your expenses are apt to increase with inflation, some sources of your retirement income may not. How will income from your three primary sources increase during your retirement years?

State Defined Benefit Pension: Each October you will receive a 3% cumulative non-compounding increase, not to exceed $300.

Social Security: Benefits are indexed to the Consumer Price Index and adjusted each January.

Personal Savings and Investments: As inflation increases your income needs, your savings will be depleted at a faster rate. If your investment earnings do not replace that income adequately, you are at risk of outliving your savings.

Your state Defined Benefit retirement plan is explained within this *Guidelines* booklet. You should contact the Social Security Administration about your social security benefits. Now you need to consider how you're going to supplement those two income sources with your own personal savings.

Choice of Investments

Investments vary according to risk and expected return. Investments that are traditionally considered safe, such as passbook savings accounts, generally provide a low rate of return. To get a higher rate of return, you must be willing to assume some risk — being aware that you could lose some or all of your money. You have to decide how high a rate of return you want and how much risk you're willing to assume to achieve a high rate of return.

Another factor in choosing your personal investments is liquidity. Liquidity refers to how easily your investment can be converted into cash. For example, a savings account is a liquid investment, because you can easily make a withdrawal.

If you invest a substantial amount in nonliquid assets, such as stock, you may lose money if you have to convert them to cash. That's because you may be forced to sell at a loss if you need money quickly for an emergency.

Here are some investment strategies you may want to consider. Remember, you must keep in mind your own retirement income needs, as well as the investment risk you're comfortable with.

Tax-Deferred Investments

Deferred compensation plans, such as the Plan I / 457 and the Plan II / 401(k), available to most state employees, are tax-deferred investments. That means the invested dollars are not subject to tax until you receive them. Your money grows faster, and your take-home pay is greater than if you save the same or equivalent amount on an after-tax basis.

Diversification of Investments

Many investment counselors favor diversification as a way to maximize return and lessen risk. For example, early in your career you minimize stock investments because you need liquid assets to provide for emergencies. You would, therefore, keep most of your money in a checking or savings account, money market or short-term certificate of deposit (CD).

Later, when you've saved enough to meet emergencies, you may be able to afford some risk by investing in stocks to help maximize your return. If the value of your investment drops, you have many earnings years to recuperate. As you approach retirement, you should begin reducing reliance on riskier investments because you have fewer years to recuperate.

The most important ingredients in financial planning are:

- *Goal Setting*
- *Planning*
- *Action*

You must look into the future and envision when you want to retire *(Goal Setting).* Once you have an idea of when you would like to retire, it becomes a simpler matter to determine how much personal savings is required *(Planning).* The next component is to actually begin saving *(Action).* The earlier you take action, the longer your savings will be able to work for you.

This information is very general, and it is not intended to be an investment guide. Instead, ORS wants you to be aware that you will need personal savings to supplement your retirement income; you cannot depend on your pension and social security alone. You may wish to consult a financial planning expert for advice appropriate to your own needs.

The ORS web site also has links to a number of financial planning resources you may want to look at.

APPENDIX D
Acceptable Proof of Birthdate

ORS cannot process your retirement application until proof of your date of birth is on file. Photocopies are acceptable and need not be certified.

I. To document your date of birth, you may file a copy of one of the following:

1. Birth certificate
2. Hospital birth record
3. Church baptismal record established during the first few years of your life
4. Passport
5. Delayed birth certificate

II. If none of the above is available and you have applied for a social security benefit and documented your date of birth, a statement from the Social Security Administration is sufficient. This statement must contain your date of birth and explain that you have filed sufficient documentation to establish your date of birth.

III. If you have not applied for social security benefits, photocopies of a minimum of two of the following documents **stating your age or date of birth** may be used. Records established early in life are preferred.

1. School record
2. Church record
3. State or federal census record (established near your birth)
4. A statement signed by the physician or midwife who attended the birth, stating the date of birth according to his/her records
5. Family bible or other family record
6. Insurance policy
7. Marriage record
8. Employment record
9. Military record
10. Child's birth certificate that shows age of parent
11. Other record that shows age or date of birth such as a hospital treatment record, labor union or fraternal record, permits, licenses, voting or registration records, or poll tax receipts

IV. If you were born in a foreign country, you may provide any of the items listed above or one of the following:

1. Foreign passport
2. Immigration record established upon arrival in the United States
3. Naturalization record (citizenship paper)
4. Alien registration card

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